

NOTABLE NOTES

SEVENTY-TWO SHORT STORIES
AND THEIR HISTORICAL BACKGROUND
TOLD BY A COLLECTION OF LARGE SIZE US CURRENCY



BY PETER D. JONES

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**Seventy-two short stories and their historical background told
by a collection of large size U.S. currency**

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PREFACE

This book describes a personal fascination. For many years, I collected coins and spent two weeks every year at summer seminars of the American Numismatic Association. I then met Wendell Wolka. He said, “When are you going to stop collecting those small round things?” It took a while, but eventually I got the hang of those big oblong things. For those interested in financial history, there is a lot more real estate on notes than on coins. And the art of note engravers is every bit as beautiful as the art of coin engravers.

So, I embarked upon collecting large size U.S. currency, aiming for very fine condition. I created a spread sheet of the different designs, denominations, grades and values of large size U.S. currency. It was readily apparent that notes over \$20 were too expensive, except that Gold Certificates and Federal Reserve Notes could be collected, though only up to \$100 denominations. When one sets out to make a collection, it is acceptable to leave out items that are NC (non-collectable).

Further problems arise when determining whether one should strive for particular notes. The first question involved rainbow notes. Although they had nice coloration, they were basically the same design as cheaper type notes. But rainbow notes seemed reasonably priced enough to be collectible and so beautiful that one should not avoid them. The second question was whether one should include the expense of an interest-bearing certificate and a refunding certificate in a type set, but as time went on these notes appeared. The third question was whether I should get ornate back instead of plain back Treasury Notes but the exquisite artistry of the ornate backs won me over.

Certain National Notes were among the trickiest to acquire. National Bank Note collectors do not collect type notes. Thus, searching for particular National Bank type notes in auctions of National Bank Notes was time consuming. Even more problematic was asking dealers for type notes. They would often leaf through hundreds of notes only to come up with notes in the wrong condition, or of the wrong type. The last note I acquired was the \$20 Legal Tender Standing Liberty with sword and shield. It would have been nice to have a \$20 Demand Note, but at \$55,000 in fine condition it is really like an NC Large Cent. However, the faces of these two notes are almost identical.

Collectors have many different reasons for collecting, and I deal with this in the first chapter. I assembled this large size currency collection for the financial history, the general history and the art. In the 1800’s, engravers were thought of as significant artists. Engraving was a difficult art form and produced notes that were infinitely superior to lithography. It could take a year to finish a high-quality engraving. Today, we have photography and color reproductions that make the past seem effete. However, in their time, engravers supplied art for the masses and could command big salaries. It was not unnatural that they should create images for bank notes at a time when it seemed the best protection against counterfeiting was an elaborate engraved vignette. In the nineteenth century, the United States was the premier country for producing high quality engravings on their bank notes. I wanted to put together a book so that my family had a record that explained why I spent so much time on seemingly bizarre pursuits.

FOREWORD

First impressions are always interesting and often memorable. I first met Peter at one of the American Numismatic Association's Summer Seminars which are held annually in Colorado Springs, Colorado. He was a student in a course I was teaching that year, *An Introduction to Paper Money*. It's one of those survey courses that gives students a flavor of many different aspects of paper money but cannot get into a lot of detail on any one of them because of time limitations. This is usually perfect for new collectors who are just trying to understand what might be out there that would be of interest to them.

Peter admitted that he was primarily a coin collector (I have long since forgiven him for that.) When you teach these classes you always worry that the students just might sit there for the week, never utter a question or an opinion and leave it to you to do all of the talking. Peter quickly relieved me of *that* concern. He was always curious *WHY* certain things happened the way they did. And they were always GOOD questions- ones that kept the instructor's brain racing to come up with an answer sometimes. I remember answering one of Peter's inquiries with an exasperated "Peter, they did it that way *because they could!*"

This book makes me feel quite proud. I can now actually point to one of my former students and fellow numismatists as a definite convert from collecting those "little round metallic discs that go 'clunk' when dropped on their heads" to paper money! And it is clear that Peter enjoys the subject and has used his curiosity and intellect to weave together a wonderful set of stories, history lessons, and little-known facts based on seventy-two 'notable notes' that he has selected.

This well-illustrated book is an easy read, which will leave you knowing more than before you read it whether you are brand new to paper money or a veteran 'rag picker.' And that, after all, is what numismatics is all about: sharing information with others so that we can collectively build the foundation of knowledge for both present and future generations of collectors.

Well done, Peter, well done!

Wendell Wolka, October 28, 2009

Wendell Wolka is a long-time paper money writer, educator, researcher, and speaker who has been collecting paper money for nearly five decades. He has served on the governing bodies of a number of hobby organizations including the American Numismatic Association, the Society of Paper Money Collectors, the International Bank Note Society and the Central States Numismatic Society.

DEDICATION

To my wife, Ann, who has patiently withstood my serial addictions to the demands of medical practice, magic, classical piano playing, an MBA, flamenco guitar lessons, classical guitar playing, and all the way along numismatics and currency collecting (syngraphy).

To my three daughters, violinist Ashley, architect Rebecca, and photographer Alexandra, who have also put up with my same serial addictions.

To the ANA- an important organization that has fostered my lasting interest in financial history. Despite its repeated political problems, it has always re-emerged to serve the collector base.

“The history of the purse is as important as that of the sword.”

Raphael P. Thian, Secretary of Rebel Archives.

CHAPTER ONE

WHY DO WE COLLECT COINS AND CURRENCY?

FOOD FOR THOUGHT

Presumably, coin collectors love coins! But why? What is so fascinating about those little round disks of metal? Here are some of my ideas- my observations regarding some of these questions as well as how these questions have been answered in the past.

Coin collectors are not common. Or are they? There are 12,000 registered dealers. David Bowers in one of his *Coin World* columns pointed out that approximately 250,000 people in the United States subscribe to numismatic periodicals, this amounting to just one person in a thousand. An editorial by Beth Deisher in the same newspaper estimated that there are 450,000 coin collectors in America, or about one in 600 people, a figure that seems to fit with Dave Bowers' ideas. Heritage Auction Galleries also say they have 450,000 registered bidders on line. These serious collectors are part of a larger group of people- perhaps two to four million- or 1% of the population who buy current Bureau of the Mint products, purchase coins as novelties, or are otherwise interested in coins, although not as systematically. Even larger must be the number of citizens interested in putting a few statehood quarters, Sacagawea dollars or Kennedy half dollars away in a box or bureau drawer. The U.S. Mint claims they have 100,000,000 coin collectors.

MALES SEEKING TROPHIES

Why would anyone spend a part of his (usually) or her life in the quest for rare coins, sometimes traveling long distances and spending large sums of money to acquire them? Is coin collecting simply an acquired taste akin to the appreciation of single malt whiskeys, or is there something more visceral, more compelling, about the need to hold onto coins, catalog and admire them? Or, similar to what was said about the desire to climb Mount Everest, "because it is there," coins are all around us, and they may invite acquisition?

Why are 95% of coin collectors male? With the exception of emblematic female heads, perhaps 90% of heads of on coins of the world are male, reflecting *real people* and the dominant role that men have played in history. However, among American coins, especially those of the 18th and 19th centuries, before presidents were widely depicted, most portraits are of 'Miss Liberty.' It does not seem to make any particular sense that men like to collect female depictions of Liberty and male presidents, whereas women are not strongly interested in either. Perhaps coins are history in tangible form. Most well-known historians have been male. Are things historical things of male interest? Not necessarily, for certain historical specialties, including art, film, and museum curatorship have had a generous number of women as participants.

Could the 'thrill of the hunt' in numismatics be a factor- a modern continuation of the scene in which a caveman did the hunting while the cave-woman gathered and took care of the children? As the centuries went on, so the story goes, men earned a living to provide for the family, and women stayed at home to raise families. But today things have changed. Although in 1955 36% of women and 85% of men were employed, now the figures are 61% of women and 72% of men. Nevertheless, to take the traditional line, the male caveman hunter image has been updated. Nowadays men like power trappings, sports and trophies. In ancient times cavemen preferred ancient power trappings like animal trophies or spears. Today money still symbolizes power trappings and trophies. An 1804 dollar is a 'trophy coin.' A 'grand watermelon note' is a 'trophy note.'

Perhaps women are content with intangibles- art, music, romance, travel, and assets of the spirit and soul, whereas men find tangible items to be more rewarding. "The difference between a *man* and a *boy* is the price of his toys," it has been said (*italics added*). Perhaps women do not need as many toys, cheap or expensive. It may be relevant to mention that sculptor Elizabeth Jones was appointed chief engraver of the United States Mint in 1981. Ms. Jones' 1982 George Washington commemorative is one of my favorite pieces of medallic sculpture.

Today, although many teenagers enjoy collecting statehood quarters, Lincoln cents and other coins, most serious

numismatists are apt to be on the long side of 50 years of age. It was not always so, and a century ago the average age of a new member of the American Numismatic Association was less than 40 years. It might be interesting to try to figure out why the great sports-card craze some years ago was dominated by youngsters from, say, eight years old through the teens, while people of all ages- from elementary school to past retirement age- follow the Yankees, Cardinals, and Red Sox, among other teams. It seems that the deeper we dig, the more paradoxes we unearth!

INVESTORS AS A FACTOR

It has been estimated that 20% of numismatists are pure collectors and don't pay much attention to the market movements, 10% are pure investors and the remainder are some mixture between collector and investor. These figures are taken from David Bowers' columns, *The Joys of Collecting* in *Coin World*, and point to the important fact that investment is an integral part of the numismatic hobby. However, Dave has pointed out, including in his current series about the coin market of the past generation, that the percentage of investors is apt to increase or decrease sharply as markets change. In the slow market of the mid-1970s, investors were rare, but by 1979 they dominated the market.

My own coin collecting interests illustrate this theme. Twenty years ago, a friend of mine had a coin collection that I asked to see. I remember a set of rather dark old copper large cents. I wondered why anyone could possibly be interested in such a bleak looking set of black disks and thought of it no more. Several years later, I vacationed in Austria and on impulse bought a book on bullion investing. It so happened that scattered around Austria in bank windows were small sets of beautiful gold bullion coins. When I returned to the United States, I sent for a report on bullion investing that included a freebie Morgan dollar. That Morgan dollar became a pocket piece, and although I bought a little bullion as part of an investing program, I felt that the Morgan dollar was more interesting than bullion. I started going to coin shows. Then I was hooked. It seemed to me that a *collection* of enduring value could still be part of a hard asset investment program but more fun.

Of course, coin collecting is a hobby rather than an investment. But still it is a store of value. This psychology of 'a store of value' has been a very common theme for those who have been through the Depression. I remember an elderly chicken farmer in our local coin club who had been through the Depression and who would bid on every silver bullion item in every club auction. When he died, massive quantities of silver bullion were found buried under his chicken barn floorboards. This symbolized security for him.

A GLIMPSE OF PSYCHOLOGY

In his book, *Games People Play*, Eric Berne developed a hypothesis called transactional analysis. Berne postulated that humans need to structure their time and need 'stroking' physically or socially. To be 'stroked' mentally or physically, humans use four activities: pastimes, games, intimacy, and nonsocial activity. The last includes hobbies like going for walks, collecting, reading and so on.

Abraham Maslow linked together existential philosophies and human psychology. He postulated a hierarchy of basic human needs common to all individuals, ranging from basic or essential, to those leading to enjoyment and enhancement of life. The hierarchy was:

1. Physiological needs such as food, water and shelter, these being basic for survival.
2. Security needs, including safety, security and freedom from illness or threats, these providing comforts beyond existence.
3. Affiliation needs such as sex, affection, relationships and the feeling of belonging to something, all of which provide pleasures of life.
4. Esteem needs such as feelings of self-worth and achievement.
5. Self-actualization needs like self-fulfillment, finding a meaning to life, and transcendental change.

Coin or currency collecting fall in number five.

Another thought: do coins furnish security and comfort in times of change? And, if so, do men demand tangible forms of security, such as coins whereas, perhaps, women find their security in relationships with other people? More food for thought! Is collecting an escape mechanism from the everyday problems of the world? Can one have a *relationship* with one's coins or currency, or is the gathering of coins or currency simply a relaxing hobby?

Still another consideration: a 'trophy coin' or 'trophy note' is a badge of success and accomplishment, and, in the long run, somewhat easier to manage than casting aside family traditions for a new 'trophy wife,' the last being a popular pursuit of many successful men (again) in sports, politics, entertainment, and business. To buy a gem specimen of rarity X incites admiration and, perhaps, even front-page coverage in *Coin World*!

Appropriate to the preceding is yet another psychological mechanism: identification. This is the unconscious transfer of outside character traits into one's own mind. Coin collecting may enable someone to emulate the rich guy. He can keep up with the Joneses or indulge in the king of hobbies. He feels that, "If I do this, I will feel like a well-heeled connoisseur. The King of Egypt and the King of Italy collected coins, therefore I will collect coins too and I will feel like a king." The various thoughts of Freud and others could be woven into the scenario to add more variables. Indeed, a book could be written about why people collect coins.

COINS AND THEIR PRICES

The concept of a coin collection as a store of value merits further discussion. Although there are many savvy female bankers, stock analysts and financial planners, the world of money and Wall Street is dominated by males. Perhaps directory or subliminally, men are driven to acquire a store of value- acorns for the winter, so to speak.

In contemplating investments, a coin collector has another world of opportunity beyond the usual stocks, bonds, treasury bills, money market accounts and other venues. More than just a few numismatists have realized investment returns on their collections that have outmatched what their friends have done in stocks and bonds. Some collectors approach investing and collecting with a method, such as having a certain percentage of investment funds in collectibles, a certain percent in cash, a certain percent in stocks, and so on. Wall Street firms often come up with such sets of figures.

However, the typical coin collector, once he or she learns the basics of buying, selling and grading coins, tends to favor numismatics over just about everything else. There is a certain confidence factor in acquiring a coin of known rarity and traditional value. But fads must be avoided, as profits from fads in the coin market are usually temporary or illusory, just like buying 'hot' stocks.

Not everyone wants to take the time to learn about the coin market, grading, and other factors. However, the lion's share of actual profits do go to such people, just as in the securities market those who are most successful base their purchases upon careful study.

OTHER VIEWS OF COLLECTING

One traditional explanation of why people collect coins has been that it is an acquired taste like wine, cigars, whiskey and fine art. An 'acquired taste' means that the response to the area of interest depends on acquired rather than innate knowledge.

Another view has been that coin collecting includes aesthetics, history, geography, investment, art and finance, and has an angle for just about everybody. In the Victorian age and before, people seldom collected only coins. 'Gentlemen' often collected in a number of areas, such as rocks and minerals, scientific instruments, biological specimens and books. These collections reflected a level of inquisitiveness, curiosity and learning. Men would retire to the study after dinner over cigars and port and engage in exciting discussions on history, politics, the arts, and the latest science and theories. In the 1850s and 1860s Joseph J. Mickley, musical instrument repairer in Philadelphia and one of America's best-known numismatists, did this. On the other hand, in Baltimore in his palatial Evergreen House, in the 1880s T. Harrison Garrett seems to have enjoyed being alone with his coins and books.

Coin collecting is a clean, pleasurable hobby. There is voluminous literature about coins with perhaps more history and variety than many other collectables. Clubs, conventions, coin shows, the internet, and particularly the ANA provides for great camaraderie amongst coin collectors. Coins are small, portable and valuable items of enduring value.

Joseph Campbell tells us that the ritual of passing objects from generation to generation is important. Rare coins or currency symbolize artifacts of value from previous generations, perhaps a way of holding on to our past. It is human nature to need ritual and to connect with our roots. Because we have little ritual in our current society, Campbell feels that contemporary religions may be outdated. It is our way of holding on to our past because we have no storytellers or elders to give us living proof of our roots. Objects from the past have become the story tellers.

Wayne Sayles in his book, *Ancient Coin Collecting*, says, “We are not the first to walk this path, nor will we be the last. The preserved records of the past are today’s history...a visual link to the roots of our legal, moral and political systems and values.... Collecting is a natural human instinct.” As to whether psychologists would include numismatics as a basic human instinct is a matter of debate, but it is interesting to contemplate, perhaps in connection with an ornithological study of why crows like to ‘collect’ shiny objects to put in their nests. Amazing where such contemplations can lead!

I would like to conclude with a letter that I received from a numismatist friend who I invited over to look at my colonial coin collection. He later emailed me to say: “I cannot remember the last time I had such a fun evening. Most people just wouldn’t understand....”

I have reviewed several explanations of why we collect coins. I must point out that not everything in life is simple. The reasons people collect coins are complex and vary from person to person. They are unlikely to be explained by a single metaphor. Have you identified with any of these explanations? Do you fit into any of these characterizations? If so, this could explain why you collect coins.

Perhaps, indeed, you collect coins and currency *because you want to*. No doubt there are many psychological, historical, financial, and other reasons, but the bottom line is probably *enjoyment*. Numismatics or currency collecting is a passion, and like many other passions of the heart and soul, it cannot be explained easily. And, perhaps, therein lies its beauty.

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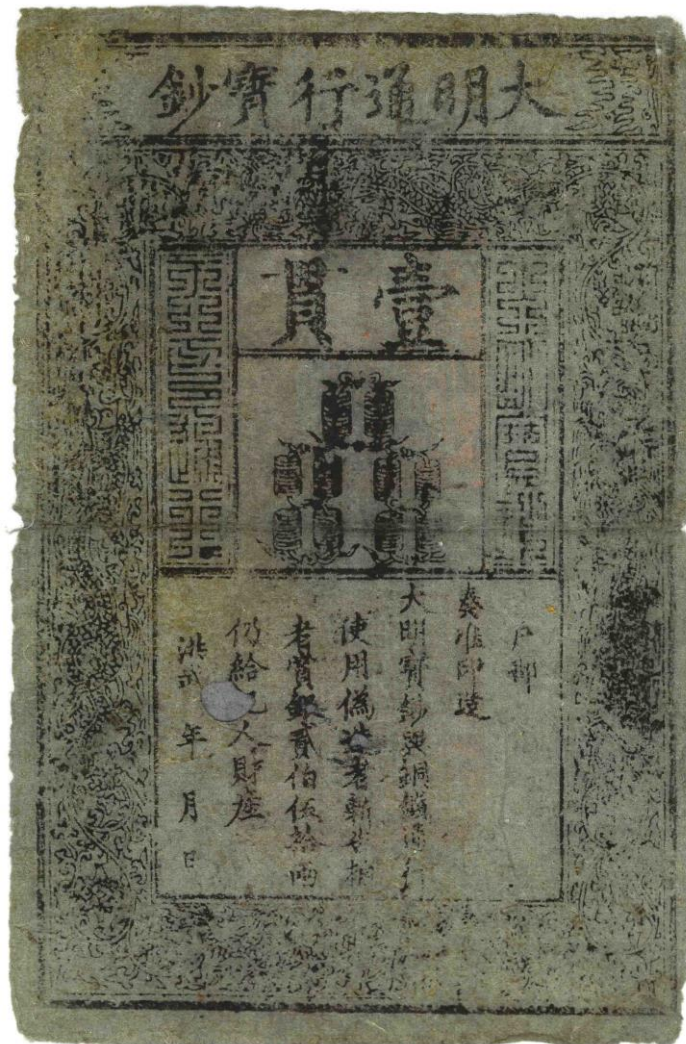
And years of enjoyable real-life experience as a numismatist.

CHAPTER TWO

A BRIEF HISTORY OF PAPER CURRENCY

1. CHINA

The four great inventions of ancient China were the compass, gunpowder, papermaking and printing. Cai Lun first described papermaking in 105 A.D., though papyrus had been invented by the Egyptians ca. 2,000 to 3,000 B.C. The first world paper currency appeared in the 7th - 9th century in China. In 812, the Chinese Emperor substituted paper money for copper, which was in short supply. It was called 'flying money' and could be exchanged for copper. The oldest extant paper money, made of mulberry bark, is the 1,000 cash Ming Dynasty note from 1368-1398, which measured 225 x 340 mm and was illustrated with a pile of coins at its center. Strictly speaking, this note was really a draft for money deposited with the government.



Ming Dynasty 1,000 cash note circa 1380- world's earliest surviving paper money.

Marco Polo, who traveled to China between 1275 and 1292, devoted a chapter in his travel book to Chinese paper money. He wrote, "All his majesty's armies are paid with this currency, which is to them of the same value as if it were gold or silver."

In 1483, while the Moors were besieging the Alhambra palace, emergency paper bills were printed. None have survived. In the 1600s, Japanese Shintu priests, who were also merchants, produced the Yamada Hagaki. This was paper money as a form of receipt, stamped, signed, and dated with specific values. The earliest known English goldsmith certificates appeared in 1633 and were used to reclaim goods or to serve as evidence of wealth. By 1660, they were used as money too. In 1664, the Bank of England produced its first note, but Sweden actually antedated them.

2. SWEDEN

The first European government that issued paper money was Sweden. Before 1661, Swedish money consisted of large, unmanageable copper plates. Johan Palmstruch, an entrepreneur from Riga, Latvia, founded the Stockholm Banco, a private banking company that intended to issue paper money (in those days Riga was part of Sweden). The only way he could get permission to do it was to promise the King 50% of the profits. Of course, he printed too much and the company crashed in 1667 because it was insufficiently backed by specie (supposedly gold). Sounds like a medieval version of Bernie Madoff! Palmstruch was sentenced to death, but this was later commuted to a prison term. The notes were signed by eight dignitaries, had watermarks, personal seals and a fancy border.



First European bank note: Stockholm Banco, 1661.

3. CANADA

The first paper currency of the New World was made in Canada, or New France as it was then known. In 1685, the New France Intendant (second in charge below the governor) Jacques de Meulles, requisitioned all playing cards in the colony, cut them up into quarters, wrote monetary values on each and proclaimed them money. The French government disapproved and said they were personal i.o.u.'s of the intendant. Nevertheless, when the next boat arrived from France all the cards were exchanged for specie and the cards were destroyed.

However, the French government still kept New France short of specie, so the practice continued. In 1714, the practice was halted because of 400% inflation caused by expanding the money supply in New France. The practice restarted in 1729 and continued until the Seven Years' War with the English in 1756-1763.



French Canadian playing card money, 1714.

4. MASSACHUSETTS

Sir William Phipps, of humble origins, recovered £300,000 of sunken treasure off Hispaniola for the crown. He was knighted for this in 1687 and was appointed Provost Marshal General of Massachusetts under Sir Edmund Andros. In 1689, King William's War started when Governor of New France Comte de Frontenac, attacked English settlements in the colony of Massachusetts. Phipps buddied up with Increase Mather and his son Cotton. Because of their influence, he was chosen to lead Massachusetts troops against the French, seizing Annapolis Royal in Nova Scotia in 1690 (though it was later taken back by the French in 1691).

Later in 1690, 2,000 men left Boston to invade Canada for King William. The raid failed, but the Massachusetts governor could neither get England to pay the soldiers nor could he borrow the money from local merchants to do so. The governor decided instead to print £7,000 in notes and said the Massachusetts government would redeem them in specie. It never did. Nonetheless, the English colonies in America continued printing paper currency even though doing so was prohibited by the crown. Incidentally, Sir William Phipps had a violent temper but despite it would later become governor of Massachusetts in 1692.

Paper money caused inflation. In colonial times, the term 'money of account' was used. This meant the monetary unit in which accounts were kept, not necessarily linked to the units on coins or notes. No notes of twenty shillings were actually printed by Massachusetts Bay, so the below is a contemporary fantasy note.

The word 'tenor' meant different issue periods in American colonial currency. Each period devalued the previous. In Massachusetts, middle tenor started in 1736, devaluing old tenor notes by two thirds, and new tenor notes started in 1740, devaluing old and middle tenor notes by three quarters. In Connecticut, new tenor started in 1740; £1 of new was equivalent to £3.5 of old tenor. In 1755, the next tenor was called 'lawful money;' £1 of lawful money was equivalent to £2.1 of new tenor, or £7.33 of old tenor.



1690 Massachusetts Bay Colony twenty-shilling note.

5. MERCANTILISM

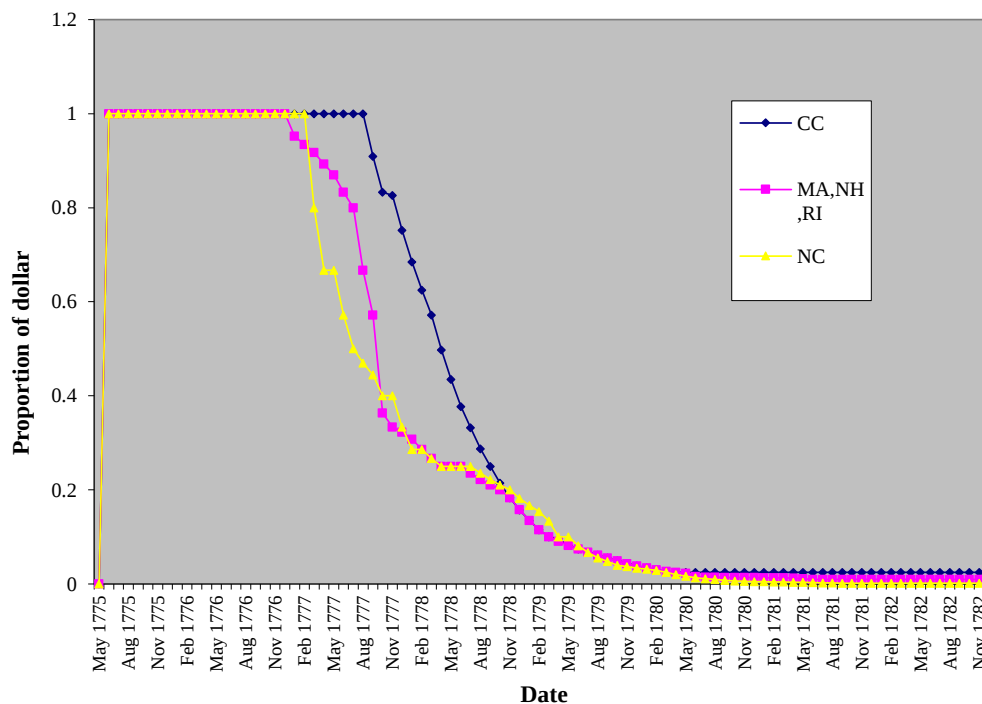
A lot of the problems of shortage of specie in North America derived from the practice of mercantilism- the economic theory of the time:

- Wealth is specie and land.
- All specie should therefore remain in Britain and no coining should be allowed outside Britain.
- Colonies meant wealth because Britain owned new land.

Trade meant raw materials were transported from the colony to Britain; Britain finished the material and sold some of it back to the colony. This provided free materials, specie from sales abroad and employment at home. Britain outlawed colonial manufacture that competed with her. Mercantilism was not just practiced by Britain. France and Spain behaved in the same way. In reality, insufficient specie in the colonies led to using substitutes- paper currency, foreign specie and tokens.



Continental Currency from 1779.



Depreciation of Continental Currency.

6. THE AMERICAN REVOLUTION

By 1775, there was about \$12 million in specie and currency circulating in America. However, the colonists had to print massive quantities of Continental Currency to pay troops and supplies for their war of independence from Britain. Between the first issue in May, 1775 and the last issue in January, 1779 they printed almost \$250 million. The paper currency consequently became so devalued it was called 'shinplaster.' A shin plaster was a plaster applied to sore shins, or a piece of poorly secured paper money.

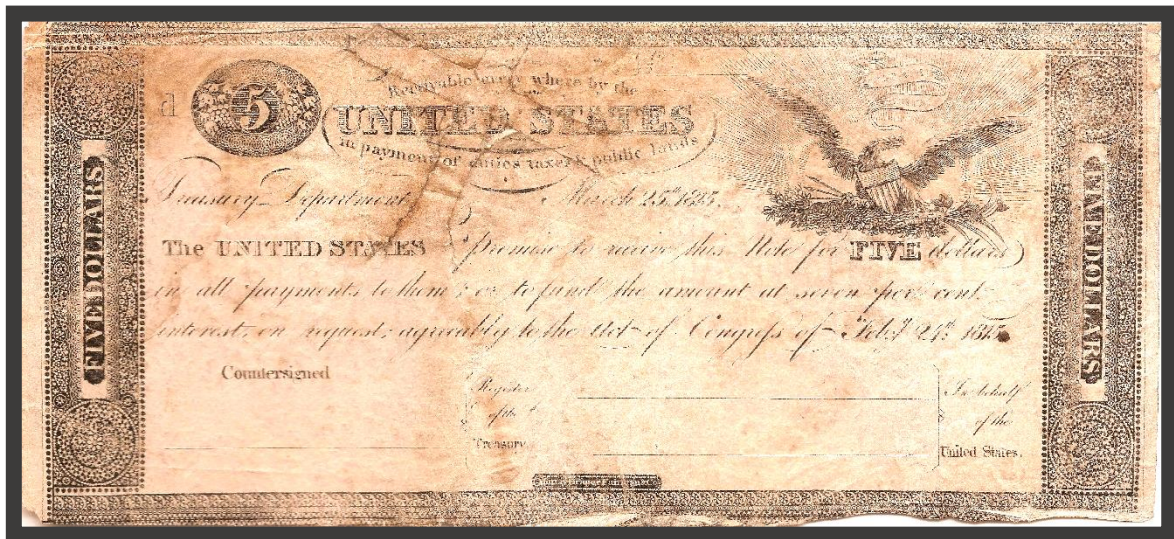
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CHAPTER THREE

ORIGIN OF U.S. CURRENCY AND A BRIEF HISTORY OF THE CIVIL WAR

After the devastating inflation that accompanied the printing of Continental Currency to help finance the Revolutionary War, the last thing America wanted was more paper money. Specie, therefore, was all that was used. In 1791, the Bank of the United States (BUS) was given a 20-year charter. The federal government supplied 20% of the startup money. The bank acted as the bank of the government and also made loans to private people and businesses. The bank was also allowed to print bank notes, but all notes had to be backed by gold. Bank opponents said the bank just represented big city fat cats, who kept the power in Philadelphia, preventing business development elsewhere. So, in 1811 when the bank's charter ran out, it was not renewed. But in 1812, the English attacked the U.S. Notwithstanding the termination of the Bank of the United States, the United States Treasury issued \$36 million in Treasury Notes to finance the war.



Treasury Note of the War of 1812: \$5 unsigned remainder.



Second Bank of U.S. \$50, 1821.

Without the BUS, the nation struggled to finance defense in the 1812 war. So, in 1816 Federalists in Congress who favored a strong central bank re-chartered the second Bank of the United States for another 20 years. But, as N^{ewton} said, for every action there is an equal and opposite reaction! The anti-Federalists, headed by Andrew Jackson, favored a decentralized bank and in 1836 killed the re-chartering.

Meanwhile, private state banks produced their own bank notes backed only by local confidence in the bank. The very first was by the Philadelphia-based Bank of North America in 1782. With time, state bank notes became tradable only locally, and they were often traded at a discount depending upon the degree of real or perceived solvency of the bank. Not infrequently, they traded for nothing when it was found that the bank was bankrupt (hence 'broken bank notes'), or did not exist (gotcha!). The era of state bank notes came to an end in 1863 with the National Banking Act, after which they were called obsolete notes.



Private state bank note, now called Obsolete Bank Note: \$5 Cochoituate Bank, Massachusetts, 1853.

America was left with weak, undependable, poorly regulated, often corrupt state banks until the Civil War. But the Civil War was quite unlike anything America had ever before experienced. Remembered with much romance and affection by generations of collectors and historians, it was as Peter Huntoon has said, nothing of the sort. It was revolting and disgusting. Battles killed 360,000 of the 2,500,000 in the Union army and 258,000 of the 1,000,000 in the Confederate army. In total, over 618,000 died from battle wounds or disease. Another 500,000 were maimed. The U.S. population at that time was 31,000,000. Of 15,000,000 men, over 1,118,000, or 7.5% of the population, were killed or maimed. The suffering was unimaginable.

The total cost of the Civil War was about eight billion dollars, although another three billion in pensions were paid after the war. That sort of money simply did not exist before the war; the North had about \$240 million in specie and the South had \$27 million. The only way to generate this money was through borrowing (bonds), gifts (from foreign governments) and printing paper currency. Raphael P. Thian, secretary of the rebel archives said, "The history of the purse is as important as that of the sword."

Let us look at the events that led up to the Civil War and how the North and South compared:

- 1860: Southern Democrats warn secession if Lincoln is elected.
- November, 1860: Lincoln, the first Republican president, is elected.
- December, 1860: South Carolina secedes.
- February, 1861: Confederate States (CSA) sets up provisional government in Montgomery, Alabama with six seceded states. Bonds are issued.

- March, 1861: the first CSA notes are legislated (engraved and printed by a banknote printing company in New York City in the north!) and are issued in Montgomery in April.
- April, 1861: Fort Sumter is fired upon, beginning the Civil War. Seven states have seceded.
- June, 1861: Eleven states have seceded. Thus, the CSA has 11 states and the Union 23.
- July, 1861: United States Congress passes an act authorizing \$60 million to be issued in Demand Notes. They feel the war will be short.
- August, 1861: United States Congress votes in a 3% Federal Income Tax Act for incomes over \$800. The CSA also votes on a war tax, but it is paid with printed money of its constituent states.
- February, 1862: Union Legal Tender Act.
- July, 1862: Union Revenue Act income tax is now 3% for over \$600 income; new sin taxes, corporate tax, dividend tax and document tax are instituted; fractional currency starts. Gresham's law kicks in; bad money drives out good. Gold and silver are hoarded and replaced by paper currency. Civil War tokens and encased stamps now circulate instead.
- September, 1862: Antietam, the first large battle on northern soil, cost 23,000 men in a single day- a record. Although really a draw, Lincoln claims the battle as a victory and announces his Emancipation Proclamation.
- February, 1863: National Banking Act starts National Bank Notes- the brain child of Lincoln's Secretary of the Treasury, the brilliant financier Salmon Chase. These National Bank Notes were redeemable in U.S. Treasury Notes which, in turn, were backed by the 'full faith and credit of the United States government' but not specie.
- April, 1863: Confederacy starts income tax and tax-in-kind (e.g. paying with 10% of one's crops).
- July 1-3, 1863: Union General Meade halts Confederate General Lee's invasion of the North at Gettysburg in the war's bloodiest battle, where 50,000 died. It is the turning point in the war.
- August, 1864: Union Revenue Act increases income tax to 5% of earnings over \$500.
- 1864: National Banking Act places 10% tax on producing private state bank notes, effectively ending the era of what are now called obsolete bank notes.
- April, 1865: General Lee surrenders at Appomattox, ending the Civil War.
- 1868: 14th Amendment makes all CSA instruments void and worthless.
- 1872: Income tax is repealed until the 16th Amendment recreates it in 1913.
- 1875: Congress legislates that specie payments on Legal Tender Notes will commence in 1879.

The first Confederate government was in Montgomery, Alabama but it later moved to Richmond, Virginia. A better plan would have been to have a mobile capitol, but the Confederate administration was stick-in-the-mud and had difficulty thinking out of the box both before and during the war. Lincoln knew it would look much better if the South fired the first shot. He engineered it so that they did just that at Fort Sumter in April, 1861. Barely three months later, in July, the Union legislated the very first federal notes- \$60 million of Demand Notes. They were not backed by anything, were not legal tender and were not popular, but they had green backs and the nickname greenback stuck.

The early camera saw everything in black and white, so anti-counterfeiting experts reasoned that color overlays would be a deterrent. The patented 'Canada green' was a favorite. But counterfeiters found that colored inks could be removed quite easily from the notes without disturbing the underlying black ink. A photograph was taken of the underlying blank ink and the photographic copies were then overprinted with green ink.

By August, 1861 the Union legislated a federal income tax of 3% of annual income over \$800. The Confederacy had no network to collect taxes like the North, so when it decided on a war tax in the same month, it could not collect the tax from each citizen and, consequently, was forced to rely on the individual states to provide the necessary financing. Each state did not want to tax its citizens, so they simply switched on the printing presses and sent the state-issued notes to the Confederate government.

WASHINGTON TERRITORY
OREGON 1859
CALIFORNIA
NEVADA TERRITORY
UTAH TERRITORY
NEW MEXICO TERRITORY
PUBLIC LAND
DAKOTA TERRITORY
NEBRASKA TERRITORY
COLORADO TERRITORY
KANSAS 1861
INDIAN TERRITORY
TEXAS
MINNESOTA 1858
IOWA
MISSOURI
ARKANSAS
LOUISIANA
WISCONSIN
MICHIGAN
ILLINOIS
INDIANA
OHIO
KENTUCKY
TENNESSEE
MISSISSIPPI
ALABAMA
GEORGIA
FLORIDA
VIRGINIA
NORTH CAROLINA
SOUTH CAROLINA
PENNSYLVANIA
MASON-DIXON LINE
MD.
DE.
N.J.
VT.
N.H.
MASS.
CONN.
R.I.
MAINE

FREE STATES
SLAVE STATES
TERRITORIES OPEN TO SLAVERY BY DRED SCOTT DECISION 1857

Twelve months after date

THE CONFEDERATE STATES OF AMERICA

100

No. 1021

Will pay to bearer **ONE HUNDRED DOLLARS**
with interest at one cent per day

No. 1021 **MONTGOMERY**

100

Wm. B. Blackwell Register

Chas. E. Emerson Treasurer

RECEIVABLE IN PAYMENT OF ALL DUES EXCEPT EXPORT DUTY

14



First Union currency issue: \$5 Demand Note August, 1861.

By February, 1862 the Union realized their greenbacks were unpopular and too few. So, just eight months later, they produced \$150 million in Legal Tender Notes. These were much more popular. They were backed by U.S. bonds and were legal tender. That meant they were legally obligated to be accepted for any debt. But if one insisted on payment in gold, tough luck! The law was that one had to accept legal tender.

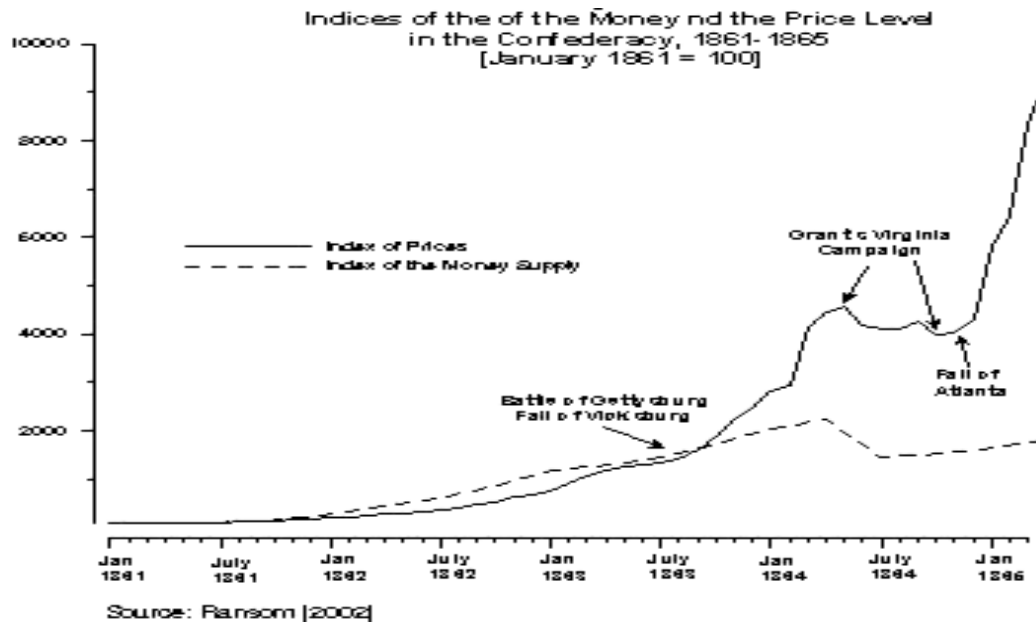
The South never wanted to make its money legal tender, although many tried to make it so and the Confederate Congress discussed the issue at length. CSA Treasurer Christopher Memminger refused to say that common acceptance was better. Presumably, he wanted to leave himself some wiggle room so that he could ask for gold when he needed to.

By July, 1862 the Union passed the second Revenue Act, which increased the income tax to 3% of over \$600 annual income. It also instituted several other taxes, as it was not collecting nearly enough to help the war effort (in August, 1861 the tax had been 3% of annual income over \$800).

Lincoln was desperate for a victory. Although Antietam in September, 1862 was hardly a victory, he declared it as such so that he could issue the Emancipation Proclamation. However, this was really just a PR job for European consumption. Lincoln said, "My paramount object is to save the Union and it is not either to save or destroy slavery. If I could save the Union without freeing any slaves, I would do it. If I could save it by freeing all slaves I would do it. If I could save it by freeing some and leaving others alone, I would do that." Secretary of State William Seward said, "We show our sympathy for slavery by emancipating slaves where we cannot reach them (in the South) and holding them in bondage where we can set them free (in the North)."

Meanwhile in the South, the Confederacy belatedly tried to tax people. But the Confederacy had a poor infrastructure. The income tax was a problem to collect, and the tax-in-kind was widely evaded. It involved a 10% tax on produce, but farmers secreted their own stashes without declaring them. So, the Confederacy languished because there were no significant tax collections.

Vicksburg and Gettysburg were disasters for the Confederacy. In July, 1863 Gettysburg ended Lee's war on Union territory with huge Confederate losses. The battle of Vicksburg in August, 1863 split the South along the Mississippi River, with the North now controlling the Mississippi. The North now also controlled the land route to Mexico west of the Mississippi, so the Confederacy lost its overland trading route with Mexico, leaving it only with the increasingly precarious seagoing trade.



Notice after Vicksburg in August, 1863 that the Confederate dollar dipped considerably in value and prices rose.

The National Banking Act in February, 1863 set in motion a huge banking change in the North. It was the brain child of the brilliant master financier Salmon Chase, Lincoln's Secretary of the Treasury. In 1864, the National Banking Act taxed 10% on all current state bank notes, thus forcing these banks (now called 'obsolete banks') out of business, paving the way for the National Banking System to take over.

By April, 1865 a month after Appomattox, the CSA dollar fell to 1.6 cents on the dollar in terms of gold payment. After the war, many still felt the U.S. government would honor CSA instruments, especially the Europeans who had invested a lot in CSA bonds. In 1868, in the 14th Amendment, the U.S. declared CSA bonds and all other CSA instruments null and void; the Union would not pay anything for them.

The Union income tax instituted to finance the Civil War affected about 10% of the population and was resented until 1872, when it was repealed. Likewise today, legislators and persuaded taxpayers commonly vote for spending programs but vote against the taxes to pay for them! After the 1863 National Banking Act, National Bank Notes remained payable considerably under par with gold, reaching a nadir of 40 cents on the dollar in 1865, rising to 70 cents in 1866 and then slowly rising to 90 cents in 1875. In that year, Congress declared it would start specie payment in 1879 and then the value rose quickly, reaching par with gold in 1879. Another law was passed making income tax unconstitutional, but in 1913 the Federal government decided to make it constitutional again. It needed more money!

WHAT THE NORTH AND SOUTH HAD BEFORE THE WAR

The West Point of the South was the Virginia Military Institute. The South had great pride in military training, so there were many well-trained officers in the South. At the same time, the South had a large complement of brilliant generals.

A government treasury with an infrastructure may seem trivial today, but it was actually very important for the North. Northern administrators were experienced and there was a network, so when they wanted to tax income there were records and a mechanism in existence to do just that. The South did not have this. In the North, taxes were far more likely to be paid and not evaded.

Southerners were far more accustomed to horses and, as a result, they formed cavalries that outmaneuvered the North's. Confederate armies could also move more quickly. The cavalry was the communication arm of the South's army.

The North controlled the South in banking before the Civil War and used to give crop loans to southern planters for cotton. Although southern planters felt under their thumb, southern bankers often would not give crop loans.

At the outbreak of the war, the South had about \$27 million in specie, which it guarded carefully to pay for foreign materiel. The North had far more, about \$250 million, as well as a much more developed banking system. The North was also much more urbanized and industrialized.

ASSETS OF THE NORTH

- 1.5 million soldiers
- 105 million acres cultivated
- 22,000 miles of railroad well linked
- 1.3 million industrial workers
- Poorer trained officers
- Less speed and poor cavalry
- Experienced government treasury
- 62% of the Northeast was urban

ASSETS OF THE SOUTH

- 0.8 million soldiers and 4 million slaves
- 57 million acres cultivated
- 9,000 miles of railroad poorly linked
- 0.2 million industrial workers
- Highly trained officers
- Cavalry tradition
- Cotton was 'white gold'
- Only 10% of the South was urban

POLITICS OF NORTH AND SOUTH

The North wanted to expand commerce, as it benefited from trade, especially trade using railroads and steamships. It pressured the government to expand railroads, but this inevitably meant increased taxes, which the South did not want to pay. The South was agricultural and did not want to expand railroads, as they did not benefit it. Taxes just benefited the North.

The North wanted small farms and when new territories were adjoined to the U.S., farm size was an issue. The South wanted large holdings that would be large enough for slaveholder farms. There was conflict in Congress about such legislation.

Tariffs were a big issue. The South felt it was being taken advantage of by having to pay tariffs that only the North was going to benefit from. The North wanted tariffs to exclude competition. The South resented paying the tariffs, as it felt it was paying for the North's economy in a way that did not benefit it.

The North tried to push through a national banking system, but the South felt that the North would only control it and so control the South, as it had done for years with crop loans and usurious practices.

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CHAPTER FOUR

LARGE SIZE CURRENCY TYPES

The Civil War spawned numerous numismatic collectibles, among which are:

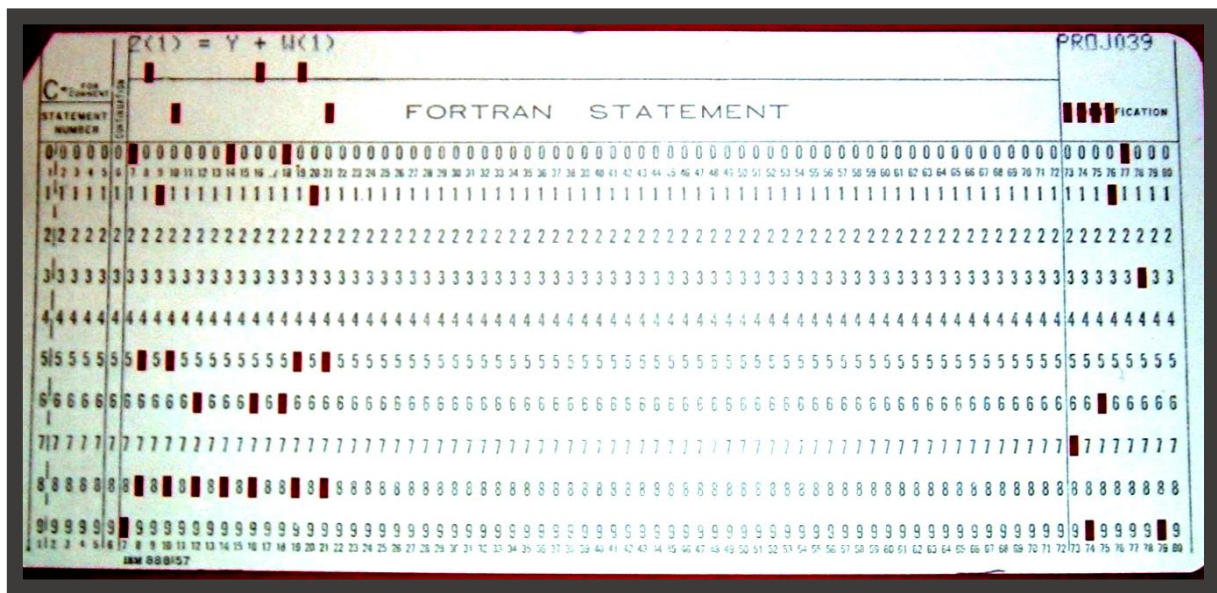
- Encased postage
- Fractional notes
- Civil war tokens
- Sutler notes and tokens
- Confederate bonds
- Confederate currency
- Confederate currency counterfeits
- Confederate coins
- Large size U.S. notes
- National Bank Notes
- Numismatic literature
- Confederate state notes
- Confederate script
- Confederate advertising

LARGE SIZE U.S. CURRENCY TYPES

In 1861 during the Civil War, the North initially produced Demand Notes, which were not that popular. They were displaced by U.S. Notes (also called legal tender) in 1862. The Civil War also led to the National Banking System in 1863, which used the same format of large size for its National Bank Notes. These were later divided into original/1875 series, 1882 series and 1902 series notes, followed by small size National Banking Notes. Also during the Civil War, Compound Interest Treasury Notes were created. These were legal tender circulating notes that paid 6% interest for three years. Interest-bearing Notes, the rarest of all U.S. currency issues, were also created in 1863, but they are not common enough to be collectable.

In 1878, Silver Certificates were created to substitute for silver dollars that were being minted in huge numbers. This occurred after the Bland Allison Act authorized the U.S. Treasury to buy \$2 to 4 million in silver per month. Initially, notes were issued at denominations of \$10 to \$1,000. In 1886, \$1, \$2, and \$5 Silver Certificates were printed, still backed by silver. In 1879, Congress legislated Refunding Certificates, another interest-bearing note at 4%, to induce the public to hold onto the note. This was the commonest of the rare interest-bearing notes. In 1890, Treasury or Coin Notes were printed to pay for the silver mining interest's bullion production. They were backed by any coin, including silver or gold. In 1913, the Federal Reserve Act created the Federal Reserve System. Congress already realized the National Banking System was beginning to have problems and this spawned Federal Reserve Notes and Federal Reserve Bank Notes.

In 1887, Herman Hollerith patented the first punched cards used in mechanical tabulating machines for the 1890 U.S. Census. The cards were 8 ½" by 3 ½"- very similar to large size U.S. currency, which were 6 ¾" by 3 ⅛". Perhaps Hollerith chose this size because boxes for large notes were readily available and people might treat them with the same reverence as bank notes. In 1928, IBM produced the 80 column punch format that was 7 ¾" by 3 ¼"- even closer to the size of large U.S. currency. From 1861 to 1928, there were 140 designs of large size U.S. currency. From 1929 to present, there have only been 14 portrait types.



IBM 80 column punched card first designed in 1928.

COLLECTING LARGE SIZED U.S. BANK NOTES

From the outset, it is obvious that unless you have an unlimited budget, you cannot collect denominations exceeding \$20, except for Gold Notes and Federal Reserve Notes up to \$100. I decided to collect by major rather than minor types. This meant that if a major type had a back change, unless the change seemed particularly desirable, I would not collect it. Further, if a note was priced extremely highly, like the \$20 Demand Note, I would not regard my collection as incomplete because I did not have one. I decided at the outset what I wanted to collect and super expensive notes were not included in this, so I did not feel my collection was incomplete. The collection was of affordable notes- not all notes. The notes I had most difficulty in getting were the FRBN \$10 and \$20, the 1862 \$20 Legal Tender, and the \$20 Gold Note, nicknamed the ‘technicolor note,’ chiefly because of very high prices. A collection can be complete if you have set out to collect affordable examples within a particular range. But for some people, no collection is ever complete because there is always something more desirable or unattainable.

I strived overall for very fine (VF) condition notes. A nice VF is a very respectable note often with original unbroken print. Many major dealers do not seem to differentiate between folds and creases, presenting a lightly folded note as VF, and a note with major creases as extremely fine (EF). They say three folds equals EF and more equals VF. To me a lightly folded VF is much more desirable than a heavily creased EF. This is akin to an AU 58 coin 20 years ago being more desirable than MS 63.

If the print is broken and the fibers of the note show through as white or soiled, this is far less desirable than a fold that does not break the print. When fibers show through white, this is often because the note has been cleaned, but then many 100-year-old coins are shiny white because they have been dipped and these may be preferable to very dark, heavily toned coins. If the folds or creases extend through the prime focal area of the note (usually the largest vignette) and breaks the ink, that is even more unsightly. It would seem better to use the term heavy and light when trying to differentiate between whether a fold or a crease means heavy or light. One set of grading standards is available from pcgcurrency.com, and is listed at the end of the book.

The large notes in the chart that follows are:

- 2 Demand Notes of 1861.
- 18 U.S. Notes or Legal Tender (LT) notes starting 1862.
- 1 Compound Interest Note of 1863.

- 16 Silver Certificates (SC) starting 1878.
- 1 Refunding Certificate of 1879.
- 7 Gold Certificates starting 1882.
- 5 Treasury or Coin Notes starting 1890.
- 5 Federal Reserve Notes (FRNs) starting 1914.
- 5 Federal Reserve Bank Notes (FRBNs) starting 1915.
- 11 National Bank Notes (NBNs) starting 1863, usually considered after the above because they are a large separate class.
- 1 Gold NBN.

This comprises 72 large sized notes in all.

Rainbow Legal Tender Notes were printed on special paper with a blue swathe. They are just too pretty not to collect. So, they are included despite subsequent notes being a lot cheaper and very similar. The \$5 Grant Silver Certificate is notable primarily for its silver dollar back rather than its face, so I elected to collect it rather than the plain-backed version. Likewise, all the Treasury Notes have ornate backs that are just as significant as their faces, so it made sense to collect the more expensive of the two.

National Bank Notes (or NBNs) are usually collected by subject, state, town etc., but I elected to collect them by type only. First Charter Notes of 1863 and 1875 include \$1, 2,5,10, and 20. The Second Charter Notes come with a brown back, date back and value back in \$5, \$10, and \$20, so I tried to mix and match for one sample of each. Third Charter Notes come as red seal and blue seal varieties, but I elected not to collect both types. Gold National Bank Notes are notable for their backs, which consist of the same design depicting gold coins, so only one example is necessary.

The BS numbers below refer to Bowers and Sunderman's *One Hundred Greatest Currency Notes*. F refers to Friedberg's *Paper Money of the United States*. Many notes have affectionate nicknames, many more so than in the numismatic world. Where there is no nickname, I have sometimes made one up, often after the major vignette.

Jones Type is listed first. **Red indicates widely used nicknames.** Accession numbers follow.

1. DEMAND NOTES 1861

- JT1 1861 \$5 Demand (Crawford's Freedom) #1111
 JT2 1861 \$10 Demand (Lincoln and Art) #1490

2. LEGAL TENDER NOTES 1862-3

- JT3 1862 \$1 'Chase' #1231
 JT4 1862 \$2 Hamilton 'Sprocket' #1389
 JT5 1862 \$5 Hamilton #1101
 JT6 1862 \$10 Lincoln #1379
 JT7 1862 \$20 Liberty Sword and Shield #1546

3. LEGAL TENDER NOTES 1869 to 1880 issues

- JT8 1869 \$1 Washington 'Rainbow' #1237
 JT9 1874 – 1917 \$1 Washington 'Sawhorse' #965
 JT10 1869 \$2 Jefferson 'Rainbow' #1483
 JT11 1874 – 1917 \$2 Jefferson 'Bracelet' #1230
 JT12 1869 \$5 Jackson 'Rainbow' #1378
 JT13 1875 – 1907 \$5 Jackson 'Woodchopper' #1205
 JT14 1869 \$10 'Rainbow' Jackass #1380
 JT15 1875 – 1880 \$10 'Jackass' #992
 JT16 1869 \$20 Hamilton 'Rainbow' #1486
 JT17 1875 – 1880 \$20 Hamilton #967

4. LEGAL TENDER NOTES issues of 1901 and 1923

- JT18 1923 \$1 Washington 'Cogwheel' #1229
- JT19 1901 \$10 'Bison' #1308
- JT20 1923 \$10 Jackson 'Poker Chip' #1423
- 5. INTEREST BEARING NOTES STARTING 1863
 - JT21 1863 \$10 Compound Interest Note #1513
 - JT22 1879 \$10 Franklin #1491
- 6. SILVER CERTIFICATES 1878
 - JT23 1878 \$10 'Morris' Black Back #1465
 - JT24 1878 \$20 'Decatur' Black Back #1492
 - JT25 1886-91 \$1 'Martha' Washington #1036
 - JT26 1886 \$2 'Hancock' #1441
 - JT27 1891 \$2 'Winton' #1295
 - JT28 1886-91 \$5 Grant 'Silver Dollar Back' #1394
 - JT29 1886-91 \$10 Hendricks 'Tombstone' #1388
 - JT30 1886-91 \$20 'Manning' #1351
 - JT31 1896 \$1 'Educational' History Instructing Youth #1543
 - JT32 1896 \$2 'Educational' Science Presenting Steam and Electricity #990
 - JT33 1896 \$5 'Educational' Electricity Dominating the World #1137
 - JT34 1899 \$1 'Black Eagle' #966
 - JT35 1899 \$2 'Washington in Oval' #989
 - JT36 1899 \$5 'Onopapa' or 'Indian Chief' #1459
 - JT37 1923 \$1 Washington 'Horse Blanket' #829
 - JT38 1923 \$5 'Porthole' #1390
- 7. GOLD CERTIFICATES Although started technically in 1863, only really circulated in 1882
 - JT39 1882 \$20 'Garfield' 'Ocean Telegraph' #1352
 - JT40 1882 \$50 'Silas Wright' #1461
 - JT41 1882 \$100 'Benton' #1400
 - JT42 1907 \$10 'Hillegas' #993
 - JT43 1905 \$20 Washington 'Technicolor' #994
 - JT44 1913 \$50 'Grant' #1422
 - JT45 1915 \$10,000 Franklin #1479
- 8. COIN OR TREASURY NOTES 1890
 - JT46 1890 \$1 'Stanton' 'Ornate Back' #1035
 - JT47 1890 \$2 'Mcpherson' 'Ornate Back' #1489
 - JT48 1890 \$5 'Thomas' 'Ornate Back' #1391
 - JT49 1890 \$10 'Sheridan' 'Ornate Back' #1392
 - JT50 1890 \$20 'Marshall' 'Ornate Back' #1395
- 9. FEDERAL RESERVE NOTES 1914
 - JT51 1914 \$5 'Lincoln' #995
 - JT52 1914 \$10 'Jackson' #996
 - JT53 1914 \$20 'Cleveland' #997
 - JT54 1914 \$50 'Grant' #1407
 - JT55 1914 \$100 'Franklin' #1398
- 10. FEDERAL RESERVE BANK NOTES 1915
 - JT56 \$1 'Green Eagle' #998
 - JT57 \$2 'Battleship' #1089
 - JT58 \$5 'Columbus and Pilgrims' #1034
 - JT59 \$10 'Agriculture and Manufacturing' #1520
 - JT60 \$20 'Land Sea and Air Transport' #1494
- 11. NATIONAL BANK NOTES 1863

JT61	\$1 First Charter ‘ Ace ’ Concordia/Landing of Pilgrims #1155
JT62	\$2 First Charter ‘ Lazy Deuce ’ #1256
JT63	\$5 First Charter Columbus plus Princess/ Columbus Landing #1331
JT64	\$10 First Charter Franklin plus Liberty/Desoto sees Mississippi #1273
JT65	\$20 First Charter Lexington Columbia/Pocahontas Baptism #1482
JT66	\$5 Second Charter Garfield. Brown back example #1257
JT67	\$10 Second Charter Franklin plus Liberty. Value back example #1512
JT68	\$20 Second Charter Lexington Columbia. Date back example #1258
JT69	\$5 Third Charter Harrison #1200
JT70	\$10 Third Charter McKinley #1201
JT71	\$20 Third Charter McCulloch #1202
JT72	\$5 National Gold Bank Note NGBN Coin Back #1272

Of these 72 type notes, 48 have popular nicknames. Rarity can be obtained by several different censuses:

- Martin Gengerke, former cataloguer for Stack’s, keeps a census, first published in 1984, called *United States Paper Money Records*. His site, <http://www.thenotedcollector.com>, is available on the internet for \$175 per year, including updates.
- TRACK & PRICE is internet software for U.S. large size type notes and National Bank Notes, it costs \$245 with one year of free updates. It is maintained by Lyn Knight Auctions at <http://www.lynnknight.com>. It lists the number known of each Friedberg variety.
- David and Brenda Rickey, for DBR currency, keep a site (www.dbrcurrency.com) for future projections of the Gengerke census on compound annual growth rate (CAGR) projected from 2006 to 2012.
- Paper Money Guarantee (PMG) has a population report online with free access but, of course, it only lists notes it has graded and you must register to see the list.
- Professional Coin Grading Service (PCGS) has population reports, but you have to subscribe to it. Like PMG, it only lists notes it has graded.
- Certified Currency Grading (CGC) has a free 2001 *Rarity Population Report* online. Like PMG, it only lists notes it has graded.

The actual numbers of notes in a design type may be large, though those of a particular Friedberg type might be much smaller. However, if the Friedberg type is the only one with the note you want to collect, you have to put up with the increased rarity and expense. For instance, ornate back Treasury Notes are much rarer and command more money than plain back Treasury Notes.

The top three paper grading companies are PCGS, PMG, and CGA (Currency Grading and Authentication). Pricing is available from:

- *Coin World* paper money values published every two months.
- Bank Note Reporter paper money market published monthly.
- www.gradedcurrency.com, the web site of certified graded currency.
- *Currency Dealer Newsletter*, or ‘Green Sheet.’

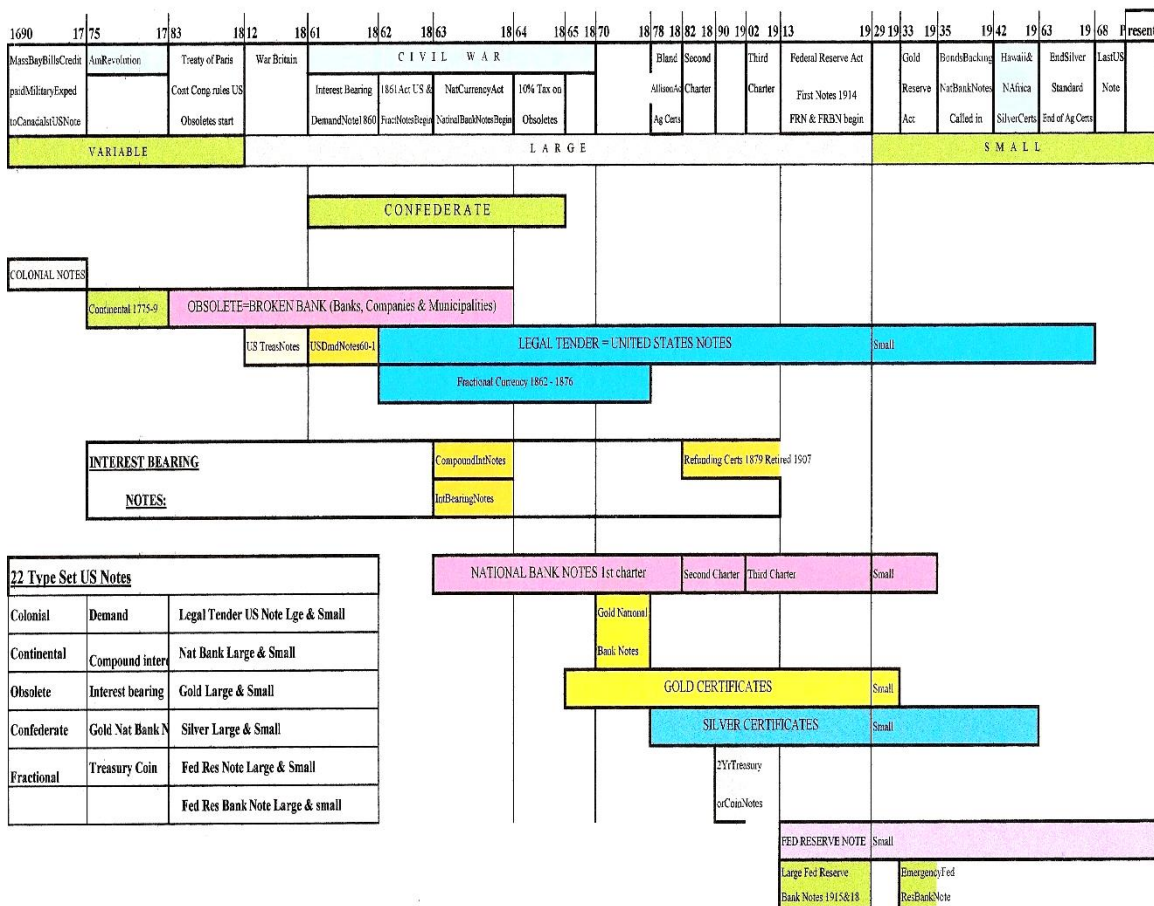
Census information given for notes in this book is derived from Gengerke’s census. Thus, for example, “100 are known for this variety. In 2012, 200 are predicted with 250 for the type,” means that the 2006 Gengerke census for this Friedberg variety was 100; the 2012 compound annual growth rate (CAGR) census for the variety was 200, and the 2012 CAGR predicted for the type was 250. Values are taken from *Paper Money Values* for April, 2010.

SET OF LARGE SIZE US PAPER MONEY COLLECTING MOSTLY XFS1-\$20(\$100 for FRNs&GoldCerts) Comprising 72 notes

TYPE SET OF SMALL SIZE US PAPER MONEY COLLECTING BU \$1 - \$20 Comprising 48 Notes

Serial	Denomination	Notes	Quantity	Value	Comments
1862	Small	1862	1	\$1.00	
1863	Small	1863	1	\$1.00	
1864	Small	1864	1	\$1.00	
1865	Small	1865	1	\$1.00	
1866	Small	1866	1	\$1.00	
1867	Small	1867	1	\$1.00	
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2113					

OVERVIEW OF US PAPER MONEY



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CHAPTER FIVE

1861 DEMAND NOTES

Demand Notes were the first modern U.S. paper currency. Since then, U.S. paper currency has only been recalled once, and that was with the 1933 Gold Reserve Act, when all Gold Certificates were recalled to be surrendered for other paper currency. Even today, all bills can still be exchanged for coin though, of course, anyone who has a piece of large size currency would be foolish to do so, because its value is much more to a collector.

Technically speaking, the first printed notes by the Union during the Civil War were the Interest-bearing Treasury Notes that were legislated in March, 1861. None of this issue is known today, so it is uncollectible, although there are varieties legislated in 1863 that are collectible. Demand Notes originated in August, 1861. This was the first Union currency; it appeared only three months behind the first CSA currency of May, 1861. Their backs were green and the nickname ‘greenback’ stuck. Soon, other notes like Legal Tender Notes and Interest-bearing Notes were called greenbacks.

Demand Notes of \$5, \$10, and \$20 were authorized by the acts of 7/17/1861 and 8/5/1861. Demand Notes bear the dates July 17, 1861 and August 10, 1861, which may be the actual dates the notes were issued to the public. Chase had only been in office for four months when the July, 1861 act suspended specie payments. Each note was domiciled to New York, Philadelphia, Boston, Cincinnati or St. Louis (the last two are very rare, accounting for only \$2.83 million out of the \$60 million produced; domiciled means the note was nominally issued from those cities, though it would pass all over the U.S.). Thus, although domiciled to a home bank, for the first time notes could be redeemed for the old state notes (now called Obsolete Notes) all over the country rather than just at the bank from which they were issued. Demand Notes were unique compared to other large size notes because:

- There was no treasury seal.
- The treasurer and register of the treasury were not named but were hand signed by a proxy.
- The serial number was printed only once.
- They were registered in a specific city.

Fifty million dollars were authorized in July, 1861 (and another \$10 million in 1862)– an expression that the Union

was quite convinced at this stage that the Civil War would be over quickly. The plates were made to be signed individually by two people: Francis E. Spinner (Treasurer) and Lucius E. Chittendon (Register of the Treasury). It had not entered the bureau’s mind that it would be awfully time consuming for the U.S. Treasurer and Treasury Secretary to sign about seven million notes. So, soon afterwards, 70 clerks were hired at \$1,200 a year to write their signatures. A further army of 70 women was needed to trim and cut the notes manually. Nineteen days later, on August 5, 1861, the second act allowed the plates to be re-engraved, adding ‘for the’ before the titles so that clerks could sign more quickly. Of course, using non-autograph signatures on the notes negated the anti-counterfeiting value of having the original signature of the party named on the note, but for some reason both Union and CSA seemed obsessed with hand signatures as a security measure.

The Demand Notes were printed on very thin paper so splits and tears are very common. The printing was subcontracted to the American Bank Note Company (ABNCo) for the \$5 and \$10 notes and the National Bank Note Company (NBNC) for the \$20 notes, because the U.S. government had no facilities to prepare plates or print. The ABNCo and NBNC used geometric lathes for counters (the counter is the poker chip-like design of the denomination). Initially, the notes were used to pay government officials and Union soldiers, who had no choice but to accept them. But merchants, banks and some railroads refused them, which created a mess for government employees and soldiers.

Demand Notes were backed by faith in the Union government and were originally called Treasury Notes. In a circular from the Secretary of the Treasury, 12/21/1861, the government said it would redeem them on demand for coin. So, retrospectively, they were named Demand Notes. When the Legal Tender Notes replaced them in 1862, many Demand

Notes were redeemed for coin, which the government encouraged because it wanted to withdraw them from circulation. Hence, it did not have to redeem the notes for coin later. Demand Notes are, therefore, quite rare today.

The design of the subsequent \$5, \$10, and \$20 Legal Tender Notes was the same as the previous Demand Notes except for treasury seals, two serial numbers, no city registration and no hand signatures. Notice on this note that 'for the' is engraved in front of the Register of the Treasury and in front of the Treasurer of the United States; i.e. this note was produced after the August, 1861 act mentioned previously. The note has two hand signatures and is redeemable in Boston. One hundred six are known for this variety in the Gengerke census. In 2012, 106 are still predicted by Gengerke's statistical methods for the variety and 342 are predicted for the type. Values are \$2,850 in F, \$5,000 in VF and \$19,500 in EF. This is Bowers and Sundermann #38 (which will be referred to in future as B&S#). The note made extensive use of geometric lathe work as a counterfeit deterrent. The face of the note depicts Crawford's *Statue of Freedom* engraved by Owen G. Hanks. Alexander Hamilton was engraved by Luigi Delnoce.



JT1 \$5 Demand Note, Fr 3 CGA 1861, F15, Accession # 1111.

Architect Thomas U. Walter designed the *Statue of Freedom* in 1855 but Jefferson Davis, then Secretary of War from a slave state, objected to the liberty cap- the symbol of freed slaves. Later that year, Thomas Crawford was commissioned to sculpt the design. He replaced the liberty cap with a crested Roman helmet. The plaster model was made in his Rome studio, although he died in 1857. The model was shipped in 1858 but the ship leaked and had to stop in Gibraltar and again

in Bermuda for repairs. In Bermuda, the model was taken off the ship until another ship could take it to Washington in 1859.

In 1860, the statue was cast in five sections by the Clark Mills bronze foundry but work was interrupted in 1861 with the outbreak of the Civil War. In late 1862, the completed statue was displayed on the Capitol grounds. By December 1863, dome construction was far enough along so that the statue was mounted atop it. The statue weighed 15,000 pounds, stood 19 ½ feet high and was intended as the crowning feature of the U.S. Capitol. It rose 288 feet above the east front plaza. The statue was big news at that time and was not yet installed on the Capitol when the \$5 Demand Note was designed.

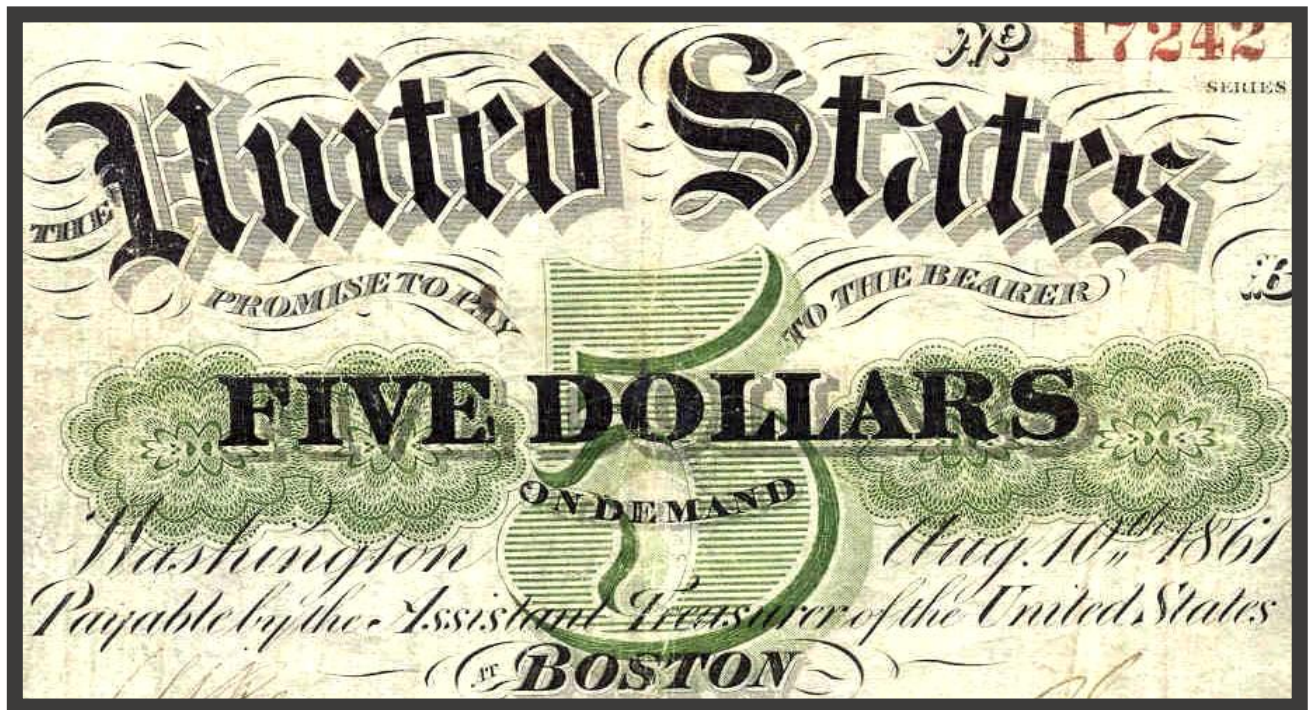
Freedom has a helmet encircled by stars with a crest of an eagle's head, feathers and talons- a reference to Native Americans. Her brooch is inscribed US, which secures her fringed robes. She stands on a cast-iron globe encircled by the national motto, E Pluribus Unum. In her right hand she holds a sheathed sword and in her left is a laurel wreath of victory and the U.S. Shield. She is covered by ten bronze points tipped with platinum to protect her from lightning. The statue sits atop the dome with thirteen windows representing the original thirteen states.



Crawford's *Statue of Freedom* when removed for cleaning 1993.



Closeup of vignette of Crawford's *Statue of Freedom*, engraved by Owen Hanks.



Enlargement of obligation on \$5 Demand Note.

The obligation on the face of the note reads: The United States promise to pay to the bearer five dollars on demand, payable by the Assistant Treasurer of the United States at Boston. The reverse in Canada Green has hundreds of counters with the numeral 5 with geometric lathe work on either end. David Bowers says "...Canada Green is an allegedly anti-photographic green overprint said to make the photographic copying of a note impossible, as the green-imprinted section would appear as a black blob on a photographic print....(it was)...the brainchild of Dr. Sterry Hunt...(patented in Canada) in 1857." Hunt sold the rights to George Matthews, who sold them to Tracy Edson when Edson's company became part of ABNCo. It was used on Demand Notes.

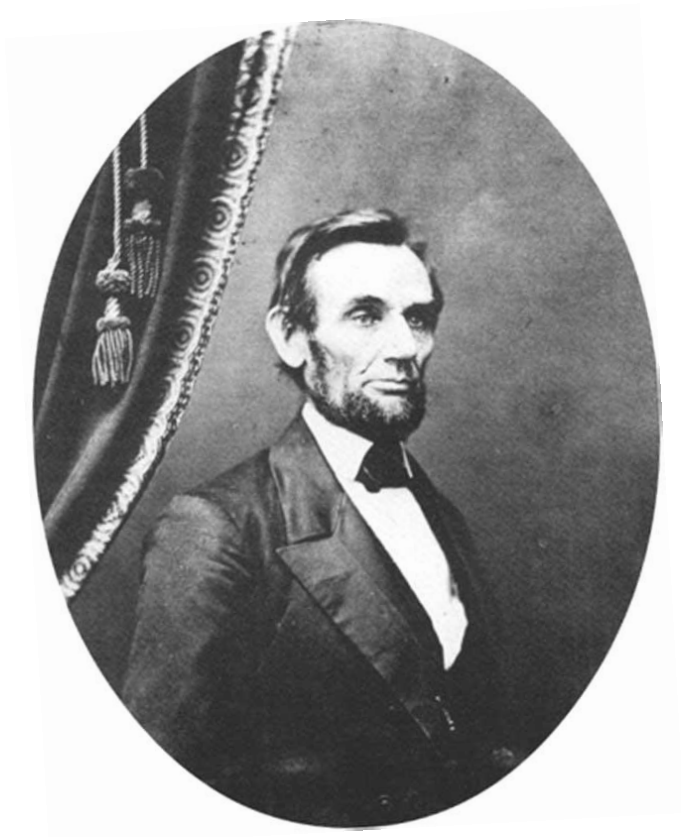
Notice on this note that 'for the' is engraved in front of the Register of the Treasury and in front of the Treasurer of the United States. The note has two hand signatures and is redeemable in New York. Thirty-nine are known for this variety. Track and Price listed 41 notes in 2009. In 2012, 41 were predicted by Gengerke's statistical methods for the variety and 140 for the type. Values are \$5,750 in F, \$11,500 in VF and \$27,500 in EF.

The \$10 Demand Note shows the head of Lincoln who was, of course, living at the time. The legislation that no living person could appear on a note or coin came later, when Superintendent of the National Currency Bureau Spencer Clark (later the Bureau of Engraving and Printing, or BEP) put his own head on a five-cent fractional bill in 1864, creating an outcry. Everyone had assumed it would be the head of Clark, of Lewis and Clark fame. In 1866, a law was passed allowing only dead people to appear on currency. The portrait of Lincoln was adapted from a cabinet photo by C.S. German and engraved by Frederick Girsch. Who were the first people chosen to be on a U.S. Federal Note during the Civil War? - Hamilton on the \$5 because he was a genius financier and Lincoln on the \$10 because he was the rock of the Union.



JT2 \$10 Demand Note 1861, Fr 6, VF repaired net F12, Accession # 1490.

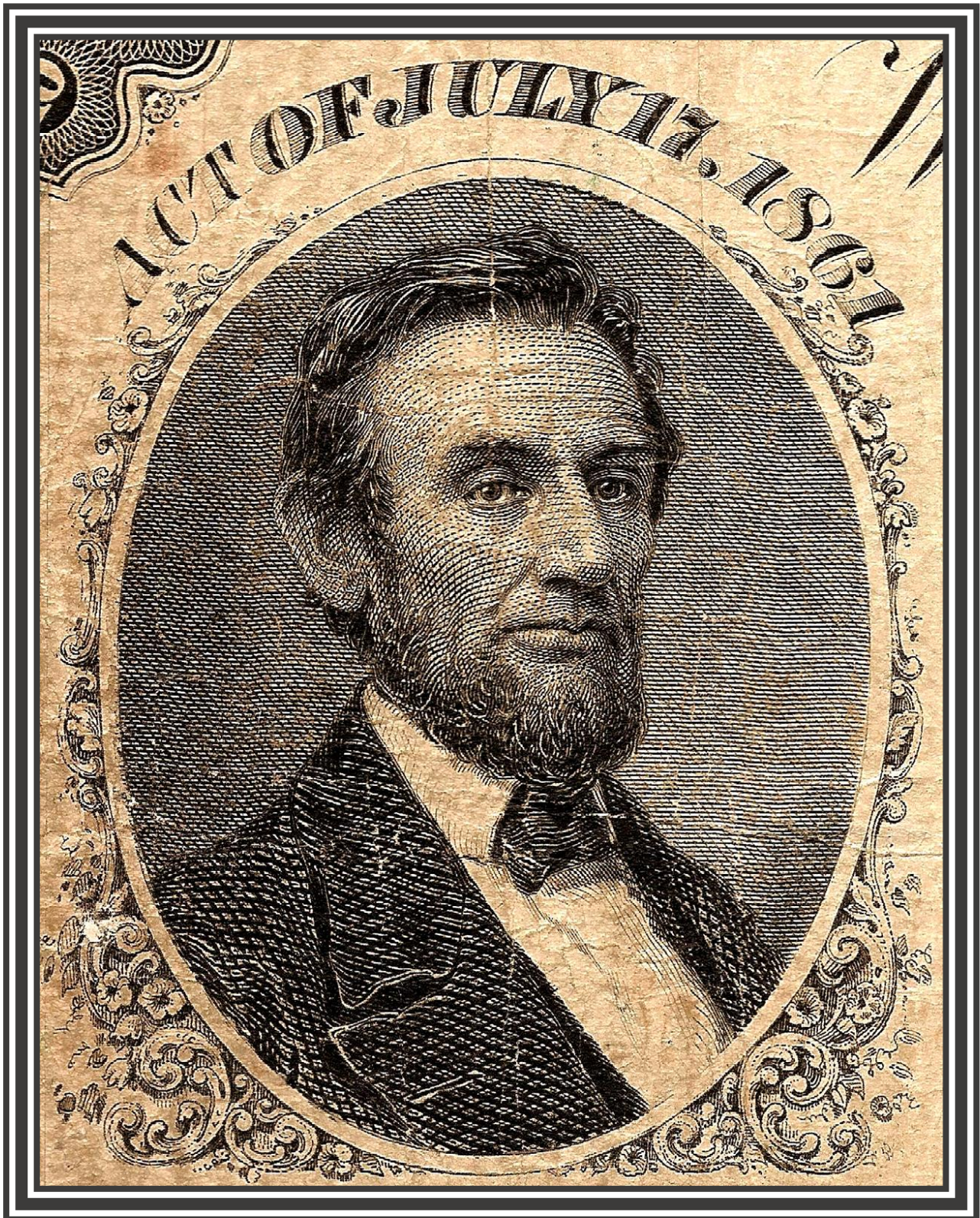
Top center is an eagle with a draped shield, which was a patriotic eagle from the ABNCo's archives. The national emblem of the U.S. is the Bald Eagle, which symbolically represents the U.S. Other patriotic materials include the flag, the Great Seal and the mottos 'In God We Trust' and 'E Pluribus Unum.' On the right is a female allegory representing art or painting. Originally, the muses were the classical goddesses of learning and the arts. Ultimately, there developed nine muses, but during the Renaissance other figures were created as emblematic of a particular art or adjective. An allegory means using a representational figure to link us to the ancient world. Cesare Ripa in 1593 wrote *Iconologia*, a book that listed descriptions of the poses, accoutrements, and imagery of 1,250 personifications as a guide for artists and writers. The first artist to paint an allegory of painting was Artemisia Gentileschi (ca. 1630) with her self portrait as the *Allegory of Painting*. The reverse, like that of the \$5 Demand Note, shows the Arabic, Roman and spelled numeral ten hundreds of times. It too is printed in the Canada Green of the ABNCo (as above under \$5 Demand Note).



Cabinet photo portrait of Abraham Lincoln by C.S. German in early 1861, Springfield, Illinois.



Patriotic eagle on \$10 Demand Note by Henry Gugler.



Closeup of Lincoln on the \$10 Demand Note by Frederick Girsch, after a cabinet photo by C.S. German.



Artemisia Gentileschi self portrait as the *Allegory of Painting* and \$10 Demand Note *Allegory of Painting*.



JT non-collectible \$20 Demand Note. Actually, this is a Legal Tender Act of 2/25/1862 looking very similar.

The \$20 Demand Note has a female Liberty holding a sword, symbolizing aggression, and a shield symbolizing defense. It looks the same as the \$20 Legal Tender Note of 1862 except the Demand Note has no treasury seal, serial number only once, hand signatures on behalf of the register and treasurer, and registration to a specific city. For the entire \$20 type, the Gengerke CAGR census for 2012 is 20. The commonest Freidburg type census has eight known, thus making it uncollectible. Even in F, the note is valued at \$55,000!

The Register of the Treasury was an office of the U.S. Treasury from 1861 to 1919, when it became the Public Debt Service. The Register's signature was found on most U.S. currency until 1923. The department is now called the Bureau of the Public Debt. It does accounting and borrows money to run the government by using bonds. The Treasury Department comprises the mint, BEP, and IRS and is managed by the Secretary of the Treasury.

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CHAPTER SIX

1862- THREE LEGAL TENDER ISSUES

The classification of Legal Tender Notes is complicated. There are the lumpers and splitters. Lumpers like to group everything together in the same category. Splitters like to create more categories with a longer list.

THE LUMPER CLASSIFICATION IS:

- Issues of 1862-3: 1st issue \$5-\$1,000, 2nd Issue \$1 - \$2, 3rd Issue \$5-\$1,000.
- Issues of 1869 on: 1869 rainbow issues, 1874, 1878 and 1880- same as rainbow but without rainbow color.
- 1901 special issue of bison, other issues repeated 1907 and 1917.
- 1923 \$1 Washington with Cogwheel back and \$10 Jackson Poker-chip.

THE SPLITTER CLASSIFICATION IS:

- 1st issue 1862 \$5 - \$1,000.
- 2nd issue 1862 \$1 - \$2.
- 3rd issue 1863 \$5 - \$1,000.
- 4th issue:
 - 1869 rainbows \$1 - \$1,000, with 1874, 1878, 1880 repeats.
 - 1907 repeat \$5 Woodchopper.
 - 1917 repeat \$1 and \$2.
 - 1923 \$1 Washington with Cogwheel and \$10 Jackson Poker-chip.
- 5th issue 1901 \$10 bison (special legislation).

Legal Tenders were fiat currency (backed by nothing). The government wanted to replace the eight-month-old Demand Notes (for which you could get coin) with a note that was not redeemable for coin. Legal Tender Notes were first authorized 2/25/1862. They were the longest-lived of the large notes, lasting 67 years– from 1862 to 1929.

Initially, there was no specific backing for Legal Tenders. Demand Notes had the obligation ‘U.S. promises to pay the bearer on demand’ and ‘receivable for all public dues.’ By contrast, the Legal Tenders said, “This note is legal tender for all debts public and private except duties on imports and interest on the public debt.” However, Legal Tender Notes were exchangeable for one thing- U.S. 6% Treasury Bonds; i.e. they were backed by bonds, as stated in the first obligation. The second obligation issues omit the backing by 6% U.S. Treasury Bonds. By contrast, the Demand Notes had been exchangeable for coins. (Later in 1879, Legal Tenders were redeemable for gold at par. By that time, Legal Tenders comprised 48% of all circulating paper money).

The clause on Legal Tenders that said, “... except duties on import and interest on public debt” was called the exception clause, which the Senate imposed. Thaddeus Stevens, chairman of the House of Representatives Ways and Means Committee that had authorized Legal Tenders, was very upset with the Senate exception clause. It made Legal Tenders a de facto depreciated currency, as they traded at a discount in public whereas banks got gold for them. However, the Senate knew it was necessary to placate the banker, as they could not fund the Civil War without their help. During the Civil War, bankers wanted gold rather than paper money to pay the national debt.

Legal Tenders were also called green backs just like the Demand Notes. The total authorized was \$346 million. By contrast, the Demand Note issues were only \$60 million. So, in 1862 Congress began to realize the Civil War would not be over quickly. Legal Tenders, or U.S. Notes as they are also called, were the second paper currency the U.S. government used during the Civil War to replace Demand Notes.



JT 3 second issue \$1 Legal Tender 1862, Fr 17a, VF30, Accession # 1231.

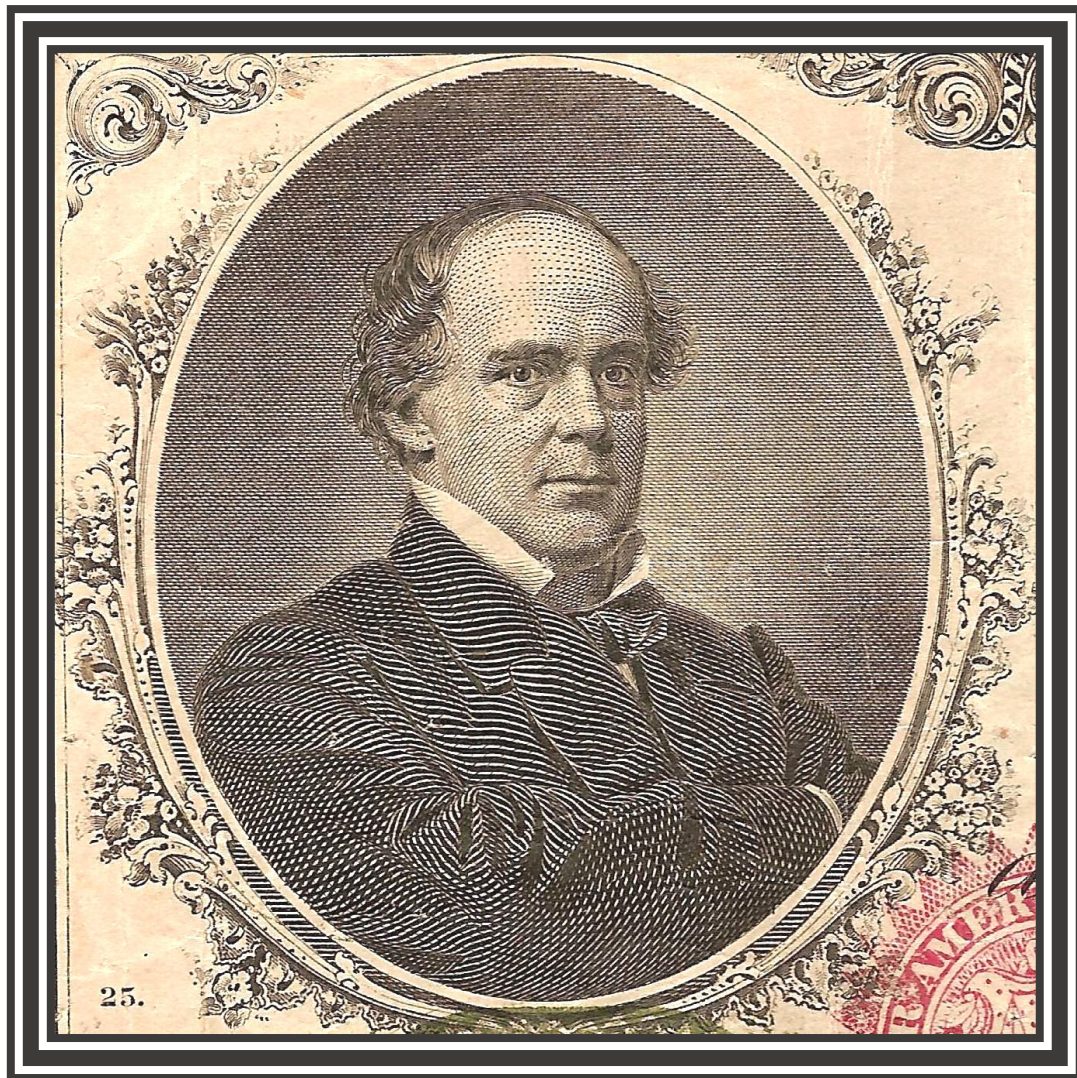
In an era of hand trimming, this note was cut slightly diagonally. Two hundred four are known for this variety in the Gengerke census. *Track and Price* lists 351 examples of Fr 17a in 2009. In 2012, 291 are predicted, with 1,262 for the type in the Gengerke CAGR. Values are \$625 in F, \$750 in VF and \$1,550 in EF. Fr 16 has 'National Bank Note Co.' twice above the lower border; Fr 17a, which precedes Fr 16, has 'NBNC' then 'ABNC' instead. Fr 17a is a little rarer than Fr 16 at 204 versus 683 in the 2006 Gengerke census, B&S # 31. There is a small red spiked seal and it is signed by Chittenden and Spinner. There were 34 spikes to the seal, the number of states in the USA (North and South) in 1862. This symbolized that the Union still regarded the CSA as part of the U.S. Charles Burt engraved the portrait of Salmon Chase.

Salmon Chase (1808-1873) was the father of U.S. paper currency. He was born in New Hampshire and raised by his uncle- an Episcopal bishop. He attended Dartmouth College and graduated at age 18. He moved to Washington to study law under the U.S. Attorney General William Wirt. He then moved to Cincinnati and at the age of 22 published the annotated laws of Ohio. He married, but his wife died in 1835 when he was 27. He became more spiritual, led an anti-slavery movement and defended escaped slaves.

In 1841, he became a leader of the Liberal Party in Ohio. In 1848, the Liberal Party combined with the Van Buren Democrats (also called the Barnburners) to form the Free Soil Party. It was through Chase's influence that Van Buren was nominated for President. In 1849, he was elected as Ohio Senator on the Free Soil Party ticket. Chase did not really want a new party; he just wanted to get northern Democrats to espouse anti-slavery. During his Senate tenure, he was a spokesman against slavery during the 1850 compromise and in the 1854 Kansas-Nebraska legislation. Violence in Kansas

after this made him realize he could not influence northern Democrats. So, he united the liberal Democrats with the Whigs to form the Republican Party. He published the first creed of the Republican Party in the New York Times on January 24, 1854.

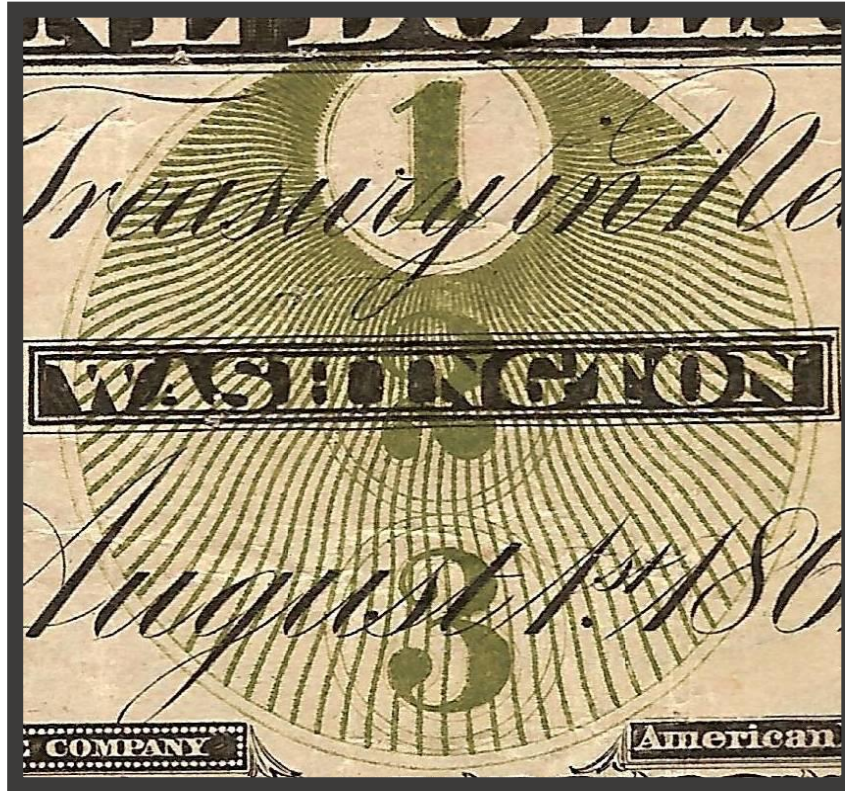
He was the first Republican governor of Ohio from 1855 to 1859. Today, we think of the Republicans as being pro-business, anti-tax, anti-big government and pro-defense. But originally, they were anti-slavery, pro-women's rights, pro-public education and pro-prison reform. In 1860, Chase failed to get the Republican nomination for president, perhaps because he changed horses too many times. He finally became a Republican under Lincoln.



Closeup of Salmon Chase vignette engraved by Charles Burt; from 1862 \$1 Legal Tender Note.

He was re-elected as Republican senator but this only lasted for two days because Lincoln wanted him as secretary of the treasury. Here he was the genius behind the successful transition from specie to his National Banking system— a clever quasi-pyramid scheme. He arranged all the financial details and marketed them to Congress and to the public. The scheme was immensely successful and lasted until 1935. In retrospect, the only real detail he missed was to make money elastic; i.e. to create a system that could independently expand or contract the money supply according to circumstances. It was because of this that the National Banking System was ultimately abandoned. Chase was also instrumental in getting the words 'In God We Trust' placed on currency.

He wanted to be president in 1864 and tried to upstage Lincoln by threatening resignation. However, the fourth time he did this, Lincoln accepted and appointed him as Justice to the United States Supreme Court. Chase remained in this position until he died in 1873. In 1868, he unsuccessfully ran for nomination as president as a Democrat. He again tried in 1872 as a Liberal Republican (yet another party he invented). A master of law, politics, and economics, he probably contributed more to this country than many presidents. Chase National Bank in New York City, which later became the Chase Manhattan Bank, was named in his honor.



Notice above the counter on the face that had the 1, 2 and 3, clearly showing that the U.S. government was thinking of a three-dollar denomination- one that was very common in circulating state bank notes at the time. ABNCo had designs for a \$3 note but it was never printed. Notice also in the enlargement that follows that there is a patent statement about the green machined under-print, which is itself green 'PATENTED 30 JUNE 1857.' There is a second type of the green under-print with the patent statement in black dated 23 April 1860. Green ink was still felt to protect against photographic counterfeiting. This was a real worry in the early days of photography- a medium that amazed people as much as color photocopying did ten years ago. The counter was also a way of preventing forgers from 'raising' notes. Raising meant altering the counter to a higher denomination- a not uncommon practice in the state banking era. If there were enough counters woven into the note, it became impractical to 'raise' notes.

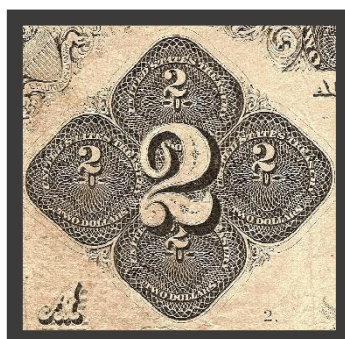
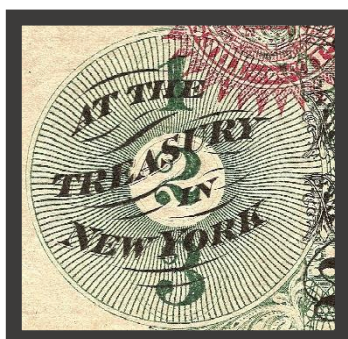


Enlargement of the patent statement above the green underprint.



JT 4 Hamilton second issue \$2 Legal Tender 1862, Fr 41, VF 20, Accession # 1389.

Three hundred sixty-five are known for this variety. In 2012, 490 are predicted with 633 for the type. Values are \$775 in F, \$1,250 in VF and \$2,500 in EF. *Track and Price* list 550 examples of Fr 41 in 2009. Fr 41a preceded Fr 41. There is a small red spiked seal and it is signed by Chittenden and Spinner. The face depicts Alexander Hamilton. Luigi Delnoce and Joseph Ourdan engraved the portrait of Hamilton. Notice the three different counters, particularly the 1, 2, 3 counter on the face of the note. The green over-print was a deterrent to photographic counterfeiters like modern day micro-printing is a deterrent to color photocopyers.





Enlargement of green over-print on face of Hamilton \$2 Legal Tender Note.



Closeup of Alexander Hamilton engraved by Luigi Delnoce from \$2 Legal Tender Note series of 1862.

Alexander Hamilton was born 1755 (some say 1757) in Nevis, British West Indies. Because he was born out of wedlock, the Church of England would not educate him, so he was privately tutored and had classes in a private Jewish School. In 1765 his Scottish father, James, abandoned Alexander and his mother Rachel. Rachel was of Huguenot descent and died three years later of a fever. Alex was orphaned probably at the age of 13 and became a clerk at Beekman and Cruger- a local import/ export company trading with New England. In 1771, at the age of 16, he was left in charge of the company for five months. He was then adopted by Thomas Stevens who, some say, was possibly Alexander's biological father.

The locals, sensing his promise, collected money to send Alexander to New England for education and in 1772 he went to Elizabethtown, New Jersey. By 18, he was studying at King's College, New York (now Columbia), where he published extensively on politics and supported the American Revolution. After Lexington in 1775, at the age of 20, he joined a volunteer militia and studied military history and tactics. He became a lieutenant and led a successful raid against the British in New York City's Battery. By 1776, he became a captain because he raised a company of 60 men. At age 22 in 1777, he was invited to be aide to General Washington as a lieutenant colonel, where he was involved with intelligence, diplomacy, and army orders for four years. Washington trusted him deeply. In reading his letters some say Alexander may have had a homosexual relationship with the Marquis de Lafayette. But literary styles in letters may have been an eighteenth-century convention and thus not necessarily representative of homosexuality. Some falsely accused Washington of being his biological father, as Washington had visited the West Indies with his brother around the time of Hamilton's birth. They felt that Washington favored Hamilton too much.

In 1780, Hamilton married Elizabeth Schuyler, daughter of wealthy New York General Schuyler. He grew very close to her sister Angelica, who had married a British MP, and may have had an affair with her. He was desperate for a field command, so he resigned as Washington's aide and was given command of a New York infantry battalion. He bravely and successfully commanded three battalions at Yorktown, finally resigning his commission in 1782.

In 1782, he was elected as a New York representative to the Continental Congress. But the next year, disgruntled officers wanting back pay marched to Philadelphia; where the Continental Congress had no presence. Hamilton was frustrated with the central government's weakness and resigned to practice law in New York City. In 1784, he founded the Bank of New York and restored King's College as Columbia University after the British had suspended it. Although he became president of the New York Manumission Society, he may have been ambivalent about slavery.

In 1787, Hamilton attended the Constitutional Convention. But the other two delegates, chosen by New York Governor Clinton, were opposed to strong national government and both resigned, leaving Hamilton impotent because two delegates were needed to ratify any vote. At the end of the Constitutional Convention in 1788, he recruited John Jay and James Madison to lobby. The three of them wrote the *Federalist Papers*.

In 1789, Washington appointed Hamilton as secretary of the Treasury, an office he retained for six years. Hamilton felt that his office was like the British Chancellor of the Exchequer; i.e. second in charge to the president. In his first year, he submitted five reports: the first and second report on public credit (a reworking of Robert Morris' *On Public Credit*, presented to Continental Congress in 1781), an act for import duties, the establishment of the mint (seminal for numismatists) and a report on manufactures.

In his report on public credit, Hamilton proposed that the federal government take over revolutionary-era state debts, thus increasing federal power. Secretary of State Jefferson opposed this because Virginia had already paid half of its debts, whereas other states had not. Jefferson's supporters became the Democratic-Republican Party. Madison opposed Jefferson because the decrease in interest payments and postponement of payments meant speculative profits. Madison's supporters were called the Federalists. The Jeffersonian Democratic-Republican Party and Hamilton's Federalist Party each had their own partisan newspapers.

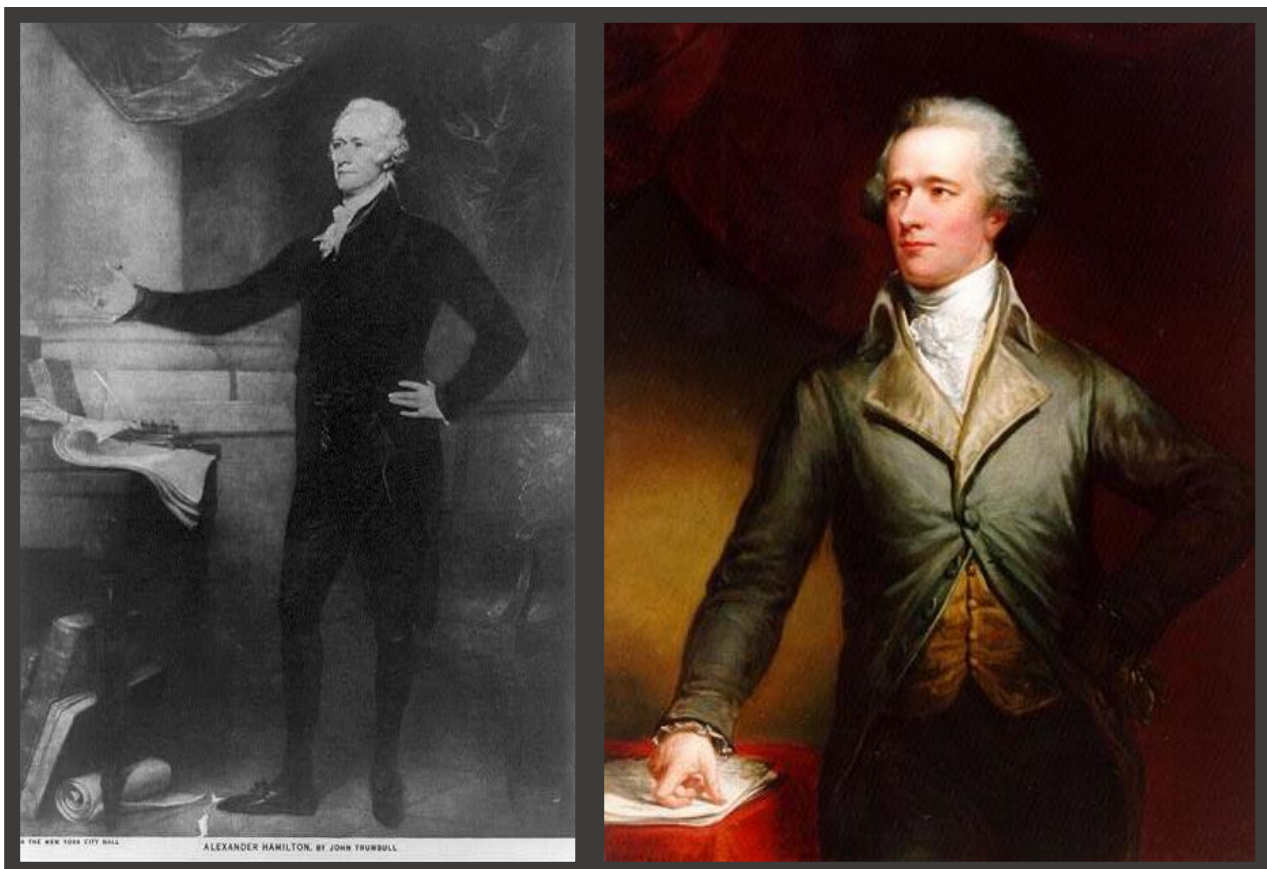
At the 1787 Constitutional Convention, Article I authorized a ten mile square federal capital. The northern business interests wanted it near Philadelphia or New York. The southern agriculturalists wanted it in Virginia. Hamilton struck a deal in which the federal capital would be on the border between Maryland and Virginia, in return for which Jefferson accepted the federal plan for taking over states' debts.

Hamilton also founded the U.S. Mint, founded the U.S. Coast Guard, founded the First National Bank, started the New York Evening Post (now New York Post), and established taxation with duties, tariffs and excises. One of his big taxes was an excise tax on whiskey. This led to the whiskey rebellion of 1794, which ended with a huge display of force by the federal government.

Hamilton's report on manufactures led to government support of manufacturing and industrial programs. He also started a private society for establishment of useful manufactures which was a private corporation. They made extensive use of watermill power. It was also Hamilton who insisted that a new nation could not renege on its first currency- Continental Currency of 1775-1779. To do so would mean that it would not be taken seriously by other countries financially. But where was the money going to come from to redeem it? Hamilton had the answer- in 1790 he exchanged the devalued Continental Currency at 100:1 for U.S. 6% bonds to be redeemed later. In 1813, all bonds were finally redeemed by the federal government.

In 1794, Hamilton wanted more trade with Britain, which would increase tariff revenue. By contrast, Jefferson wanted an embargo to get the British to abandon their forts on U.S. soil, which they held contrary to the Treaty of Paris. Washington sent John Jay to negotiate with the British, which led to Jay's treaty, which was pro-British and, therefore, unpopular. The tariffs continued as a partisan issue for many years. The northerners favored tariffs to support home manufacturing. The southerners and westerners were against tariffs because they increased the cost of goods without benefit to themselves.

In 1791, Hamilton had an affair with Maria Reynolds, which damaged his reputation. Her husband blackmailed Hamilton for money. James Reynolds was a counterfeiter and upon arrest exposed Hamilton. Hamilton responded by



Alexander Hamilton.



Duel of Hamilton and Vice President Burr.

publishing full details of the affair to counter his opponents, Aaron Burr and James Monroe. He resigned as Secretary of the Treasury in 1794, resuming his law practice.

In the 1800 presidential elections, Hamilton had fellow Federalists vote for Jefferson rather than Burr, as both tied for electoral votes. Hamilton also helped defeat Burr's election to governor of New York. Hamilton did not like Burr and in 1804, after increasing acrimony between them, Vice President Burr challenged Hamilton to a duel and shot him. Hamilton died age 49. Gouverneur Morris secretly established a fund to support his widow and children. His widow Elizabeth died 50 years later in 1854 and remained faithful to him. Hamilton was viewed as aristocratic and wanting a powerful central federal government run by a clique. His portrait, taken from John Trumbull's 1805 painting, graces the current \$10 Federal Reserve Note. Interestingly, the \$50 Legal Tender 1862-3 issue and \$2 1862-3 issue have identical portraits of Hamilton.

We will next deal with the first and third issues of the \$5, \$10, and \$20 notes. Forty-one are known for the variety below. In 2012, 50 are estimated with 1,060 for the type. *Track and Price* listed 56 known examples of Fr 62 in 2009. Values are \$550 in F, \$750 in VF and \$1,025 in EF. B&S # 32. There is a small red spiked seal and the note is signed by Chittenden and Spinner. The face shows Crawford's *Statue of Freedom*, engraved by Owen G. Hanks, and Hamilton's portrait by Luigi Delnoce, which is identical to the \$5 Demand Note.

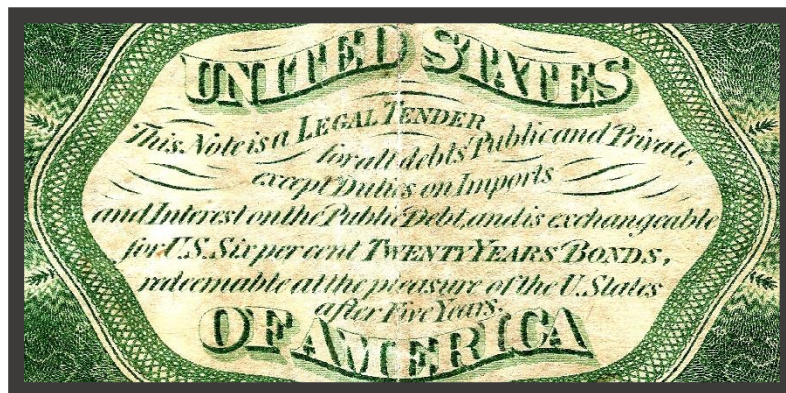
Spencer Clark, superintendent of constructing the public buildings, proposed in 1861 that facsimiles of Chittenden's and Spinner's signatures be printed. He also suggested the treasury seal for the new Legal Tender Notes. In addition, he suggested sheet cutting by machinery rather than by armies of ladies. Secretary of the Treasury Chase approved.

The next era had started. Union losses in the Civil War had been mounting daily. But railroads, banks and merchants had not accepted Demand Notes. So, Legal Tender Notes were ushered in, starting with the Act of March 10th 1862, as is actually written on the note below. They were also later labeled U.S. Notes, so the terms Legal Tender and U.S. Note were interchangeable.

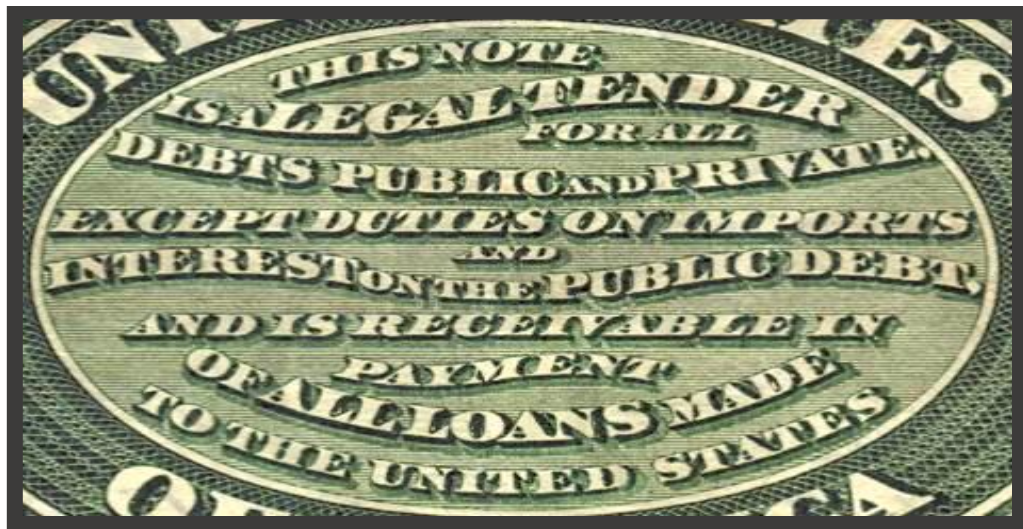


JT 5 \$5 Legal Tender 1862, Fr 62, EF 45, Accession # 1101.

Demand Notes had no backing until the December, 1861 circular, which made them exchangeable for specie. Before that, Gresham's law dictated that specie would be hoarded and the notes circulated. Gresham's law said, "Bad money (here paper) drives out good (here specie)." When the first Legal Tender Notes appeared, they were backed by 6% U.S. bonds, for which they were exchangeable. The back of these notes, issued in 1862, had the 'first obligation,' which said as much. The government wanted to retire the Demand Notes, so readily paid specie to redeem them, hence their rarity today. Initially, the government thought the 6% U.S. bond backing might keep up their value, but it soon gave up and the series of 1863 had a 'second obligation' on the back that removed the 'exchangeable for 6% U.S. bonds.' By July, 1864 \$256 of Legal Tender Notes were needed to buy \$100 of gold coin.



First obligation from back of \$20 Series of 1862 Legal Tender Note.



Second obligation from back of \$5 Series of 1862 and 1863 Legal Tender Note.



JT 6 \$10 Legal Tender 1863, Fr 95a, F 12, Accession # 1379.

Twenty are known for this variety. In 2012, twenty are estimated, with 500 for the type. This is a rare variety. Values are \$1,250 in F, \$2,000 in VF and \$4,000 in EF. *Track and Price* lists 29 known of 95a in 2009. There is a small red spiked seal and the note is signed by Chittenden and Spinner. The face depicts Lincoln, engraved by Frederick Girsch, and a patriotic eagle with shield, engraved by Gugler, and an allegory of painting.

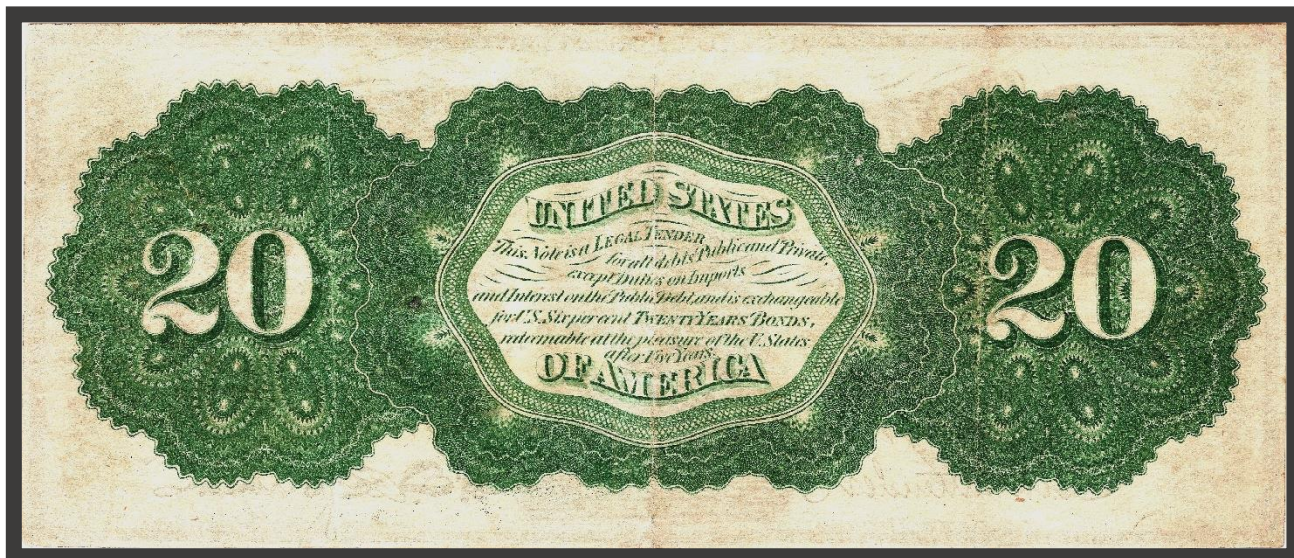
The \$5 and \$10 Legal Tender Notes are basically the same as the Demand Notes except that they have facsimile rather than original signatures, the 'on demand' is missing, there is a treasury seal, they have two serial numbers and they have no registration to a specific city. In addition, at the bottom of the Demand Note is 'receivable in payment of all public dues,' which has been removed on the Legal Tender, with the obligation printed on the back. Of course, the backs are completely different. This back shows the second obligation that excludes 'exchangeable for 6% U.S. bonds.'

In California in 1850, the legislature said paper currency was unacceptable, as many 49ers had experienced broken banks back east where paper was used. Thus, federal paper money was not accepted in California. The Union still paid federal employees with paper money, though, and they had to accept deep discounts for it in California. Indeed, in August 1864, San Francisco employees of the Assessor of Internal Revenue struck because they wanted gold coin and not paper money, which was worth about 60-75% of specie.

Twenty-seven are known for the variety below. In 2012, 32 are estimated with 320 for the type. This is a rare variety. Values are \$3,000 in F, \$4,500 in VF and \$8,000 in EF. This is not in Bowers and Sunderman's top 100 notes. The same comments apply to the difference between this note and Demand Notes as before; i.e. this note has no 'on demand' on it, has a treasury seal, has facsimile signatures, two serial numbers and, of course, the back is totally different. This back shows the first obligation that includes 'exchangeable for 6% U.S. bonds.'

Since ancient times, allegorical representations have been used usually involving women with various accoutrements that represent an idea. Initial liberty depictions were of Native American women, first an Indian queen and later an Indian princess (Pocahontas, who possibly saved Captain John Smith, comes to mind). Around the time of the American Revolution, the image was changed to a Greek goddess, alluding to Athenian democracy. Initially, she carried a liberty cap (given to Roman slaves that were freed) and a pole. To make her American, stars and stripes were on her dress or cap. This allegory, engraved by Alfred Jones, was labeled *America* and depicted Liberty with sword and shield.





JT 7 \$20 Legal Tender series 1862, Fr 125 PCGS, VF 30, Accession # 1546.



Detail of America or Liberty with Sword and Shield by Allred Jones from \$20 Legal Tender Fr 125.

Later, she developed a number of props: the Bald Eagle, often being fed by Miss Liberty, symbolizing winged freedom, a cornucopia symbolizing plenty, a laurel wreath for victory, an olive branch for peace, a shield for military strength and defense and a sword for aggression. Columbia (Latin for America) was most commonly represented by a U.S. flag and an eagle. The note is said to depict a personification of Liberty holding a shield and sword. But this allegory is not really Liberty so much as Columbia, as it shows drapery with stars representing the American flag draping her. In the background is a presumably important building that looks like the White House. Her sword represents aggression and her shield with the American eagle and stripes represent defense. To her right are objects that are difficult to make out. But importantly, there is an ear of corn, suggesting that this is a cornucopia representing plenty. Her hair style suggests she may be wearing a wreath of olive leaves as a crown, symbolizing peace, though it is difficult to make out these details.

All series 1862-3 notes were printed on thin, un-watermarked paper, had small seals and had serial numbers in red either once or twice. This was a holdover from the Demand Notes that only had the serial number once. Some of the early Legal Tenders had only one serial number, but all later ones had two serial numbers. The paper is very prone to edge splits and repairs are commonly seen. This particular seal is rather pale. So many of these notes have been processed that it is almost the norm. Possibly this note was 'washed' at some time or perhaps the seal is faded from light exposure. Apart from that, there are three folds and two pinholes, meaning that this note does not qualify for an EF 40 grade. Perhaps the faded treasury seal is what keeps it from being an EF 40.

After Spencer M. Clark (first superintendent of the National Currency Bureau) put his head on a note, Congress passed a law in 1866 to forbid the depiction of living persons on U.S. government securities. Each note has several dates. First, the Act of February 5th 1862 describes the enabling legislation. Second, the cursive black script March 10th 1863 describes the date on which the die for that issue was certified. Third, on the \$1 and \$2, there is a green patent saying 'patented 30th June 1857.'

In 1869, a new series now called 'Rainbow Notes' were produced using specially prepared paper with a pre-prepared localized blue stain. When supported by a red treasury seal and serial number and green designs, the note seemed to have all the colors of the rainbow. Most of the notes are listed in Bowers and Sunderman's *One Hundred Greatest American Currency Notes* because of their spectacular appearance. Unfortunately, in 1874 the BEP stopped making these notes and made similar designs without the blue.

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CHAPTER SEVEN

LEGAL TENDER 1869-1880 ISSUES



JT 8 \$1 Rainbow Note 1869, Fr 18, AU 50, Accession # 1237.

Four hundred eighty-six are known for the above variety. In 2012, 671 are estimated. There is only one Friedberg number for this type. Values are \$600 in F, \$975 in VF and \$1,750 in EF. *Track and Price* lists 840 examples known of Fr 18 in 2009; B&S # 41. There is a star at the end of the serial number. This is not a star replacement note- the star is the equivalent of a period. The use of star prefixes or suffixes to indicate replacement notes started in 1910. James Wilcox's patent # 56,650 had blue jute fibers processed into the paper and 'patented July 24th 1866' printed in a small circle to the left of Washington. This replaced the failed Canada green ink as an anti-counterfeit device. Notice also the colored serial number in a cartouche embedded in an intricate colored guilloche also to the left of Washington. This was George W. Casilear's patent # 84,341. Casilear was also chief engraver at the BEP. The note has a large red seal with rays and is signed by Allison and Spinner. Washington was engraved by Alfred Sealy and *Columbus' Discovery of Land* was engraved by Joseph Ourdan.



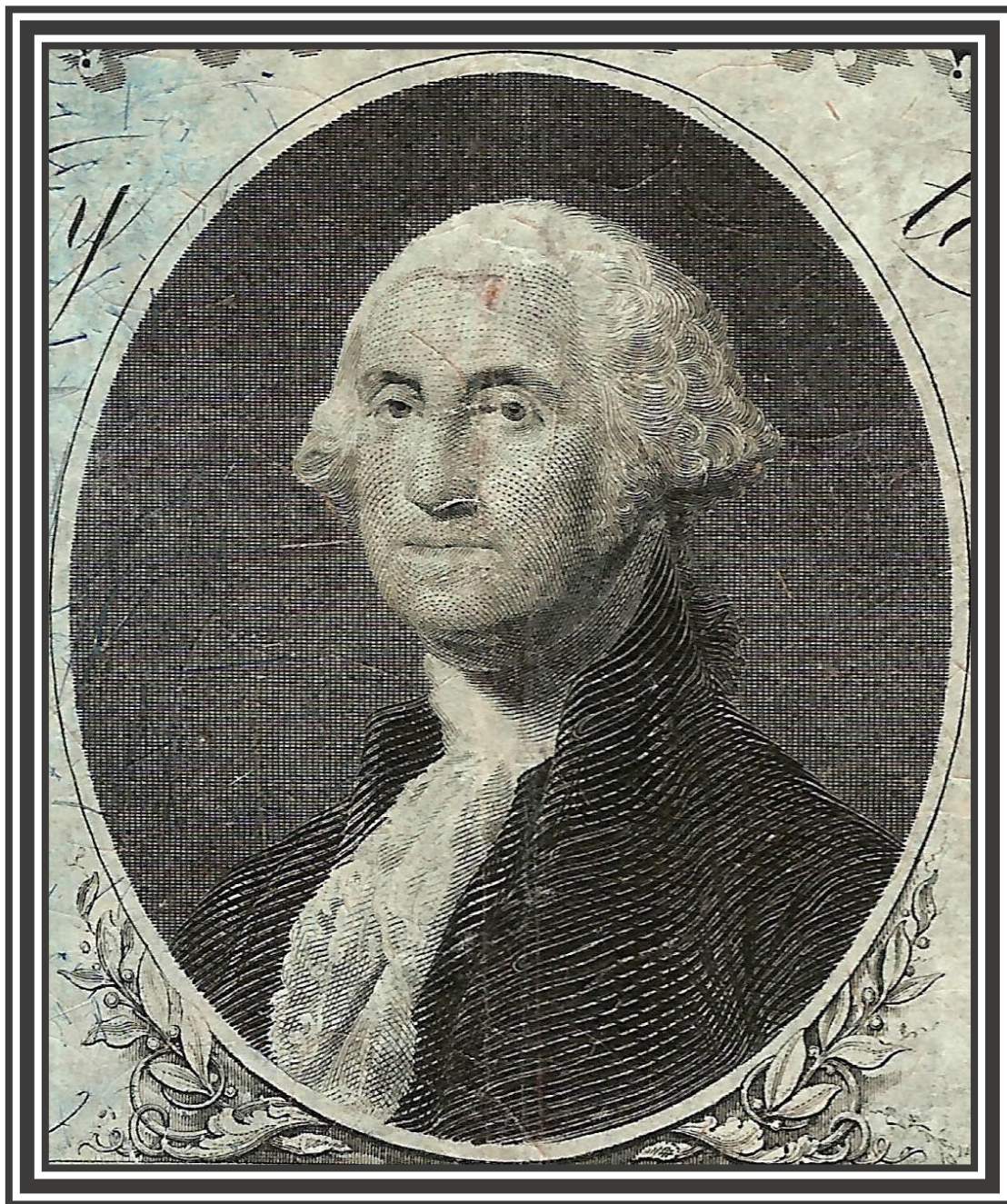
Alfred Sealy's engraving of Washington 1869 was taken from Gilbert Stuart's Lansdowne portrait, 1796.

This was the first time Washington appeared on a federal bank note and he still graces the \$1 bill today. The portrait of Washington was taken from Gilbert Stuart's 1796 painting called the Lansdowne portrait, which is presently in the National Portrait Gallery, Smithsonian Institution, Washington, D.C. Washington is shown with numerous props- a style common in its day- sword, gestured arm, gold and marble table with red velvet cloth, quill in inkwell, a golden throne-like chair with U.S. shield and a large pillar behind him on the other side. Alfred Sealy engraved the portrait.

George Washington, father of America, was born in 1732 to a prosperous planter. Little is known of his childhood other than that he was educated at home. At the age of 21 he was six feet three inches tall, an experienced surveyor and a major in the Virginia militia. He travelled outside of the U.S. only once, to visit his half-brother Lawrence in Barbados. He later inherited Mount Vernon from Lawrence when he died from tuberculosis.

In 1753, Virginia Governor Dinwiddie sent Washington to warn the French against settling Ohio. He failed, so he returned the next year to fight the French at Fort Duquesne (now Pittsburgh) but was defeated. He rose to the rank of colonel in the 1755-1763 French and Indian War and retired in 1759 to his plantation to marry the diminutive, wealthy Martha Custis. Doing so elevating him to first line rather than second line Virginia aristocracy.

In 1759, he became a member of the Virginia House of Burgesses, where he served until 1774. While there, he increasingly opposed the British. He was a delegate to the Continental Congress in 1774-5 and there at age 43 he was appointed commander of the newly formed Continental Army which, after the battles of Lexington and Concord in April, 1775 consisted of 16,000 short-term, untrained enlistees.



Detail of vignette of George Washington engraved by Alfred Sealy from \$1 Rainbow Note.

Washington arrived in Boston after the June, 1775 battle of Bunker Hill, which had been fought under General Putnam on behalf of the Continentals. On July 4th, the Continental Congress sent an 'olive branch petition' to the British, which was rejected. Washington then decided to avoid offensives he considered too risky and instead fight a war of attrition. He occupied Dorchester Heights, which he fortified by cannon captured from Fort Ticonderoga. The capture had been accomplished by Benedict Arnold and Ethan Allen on May 10th 1775. General Henry Knox then tediously dragged the cannon overland during the winter of 1775-1776. In March, 1776 Sir William Howe awoke one morning to find that he was staring down the barrels of 50 cannon. As a consequence, he evacuated his army and navy of 42,000 to Nova Scotia.

Washington was next instructed to defend New York City, but his army was untrained and he failed, retreating thereafter to New Jersey. In December, 1776 the Continental Congress voted to move to Baltimore (hence the Baltimore issue of Continental Currency), as the British were moving swiftly across New Jersey, apparently to occupy Philadelphia.

On Christmas Eve, 1776 Washington crossed east over the Delaware River and defeated the British Hessians at Trenton and later Princeton. The Continental Congress then moved back to Philadelphia. Subsequently, the British started heavily counterfeiting Continental Currency.

In spring, 1777 the British decided on their 'northern plan' to isolate New England from the rest of the country by controlling the Hudson River and West Point. General Burgoyne would travel from the north and Howe would travel from the south to meet up. But Howe ignored orders and instead occupied Philadelphia from October 1777 to June 1778. This caused the Continental Congress to move in September, 1777 to York, Pennsylvania, one hundred miles west of Philadelphia (Continental Currency was issued in York, or York Town as it was then called). Washington was then defeated at Brandywine and Germantown in September-October, 1777.

The turning point in the war occurred when General Horatio Gates (mainly because of General Benedict Arnold) defeated Burgoyne's army of 5,000 at Saratoga, New York in October 1777. The French had been waiting for a sign that the Americans could win and this was it. The French desperately wanted to thumb their nose at the British and formally allied with the new revolutionaries.

While Howe occupied Philadelphia during the winter of 1777-8, Washington's army spent the winter at frozen Valley Forge, where troops were trained by Baron von Steuben. Some have claimed that Washington spent most of that cold, hungry winter of 1777-78 at the warm townhouse of a mistress Philadelphia, where his appetites for food and sex were well satisfied. However, there is little evidence for this.

In June, 1778 the British replaced Howe with Clinton and left Philadelphia for New York City for the winter. The British felt the northern plan had failed, so in December, 1778 they started their southern campaign in Savannah. A war of attrition continued until July, 1780 when the French Comte de Rochambeau arrived with 5,500 soldiers and a navy in Newport, RI. In October, 1781 he joined with Washington to corner and defeat General Cornwallis in Yorktown, Virginia. Washington then surprised King George III by resigning his commission and retiring to his beloved Mount Vernon again. George III had said, "If he does that, he will be the greatest man in the world."

Washington emerged a hero, but he was dissatisfied with the Articles of Confederation and presided over the 1787 Constitutional Convention. He was unanimously elected president in 1789. He chose Jefferson as his secretary of state and Hamilton as his secretary of the treasury. Hamilton organized war debt repayment and established the first Bank of the United States. Jefferson later resigned over his differences with Hamilton. Madison got through ten constitutional amendments known as the Bill of Rights, which were adopted in 1791. The Judiciary Act of 1789 added the third branch of the government under John Jay, first chief justice.

But France and Britain were at war and the United States had allied with France. Washington knew the U.S. could not afford to go to war with Britain again. In 1793, he unilaterally made a proclamation of neutrality, which set a precedent of avoiding foreign conflicts. In 1794, Jay's treaty with Britain was denounced but in the treaty Britain agreed to pay back the U.S. for seized ships and to leave the Northwest. In 1795, Pickney's Treaty with Spain opened the Mississippi to U.S. navigation.

George Washington distrusted political parties, knew his presidency was setting a precedent and wanted to avoid aristocracy. His farewell address, though never actually given, only published, emphasized republicanism (civil rights and liberty in governance), warned against partisanship and warned against involvement in foreign wars. He retired in 1797. For most of his life, he suffered from dental problems, possibly because of mercuric oxide given to him for smallpox and malaria. Constant pain, perhaps depicted in the Stuart portrait, led him to take laudanum frequently. He died in 1799, probably of quinsy (a tonsillar abscess).

All of the eight paintings hanging in the Capitol rotunda are a huge 12 by 18 feet. They have all been copied in engravings for U.S. currency except for the surrender of Lord Cornwallis. Washington resigning his commission is on the back of the \$5,000 FRN and was on the back of the first charter \$1,000, but none are known of the latter. The top left of the note at the beginning of this chapter also shows an engraving by Joseph P. Ourdan, copying Charles Schussele's painting *Columbus Discovery of Land*. The face of the First Charter National Bank Note also shows a similar scene.



Surrender of Lord Cornwallis by John Trumbull, commissioned 1817, in Capitol Rotunda.



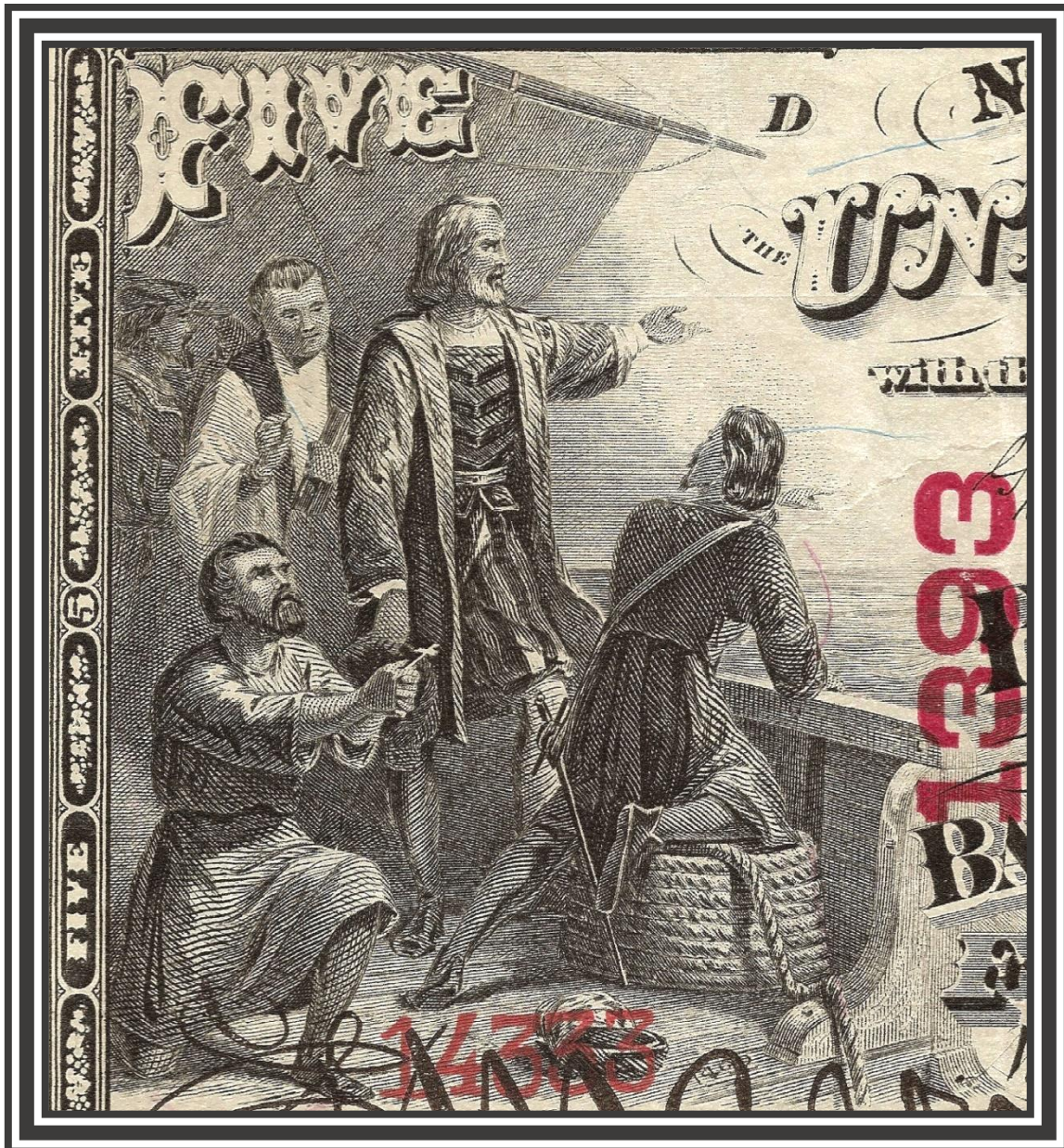
General George Washington Resigning his Commission, by John Trumbull, commissioned in 1817, in the Capitol Rotunda.



Columbus Discovery of Land by Joseph Ourdan; detail from \$1 Rainbow Note.

The Rainbow Notes used James M. Wilcox's 7/24/1866 patent. The colored fibers were introduced into specific areas of security paper. In 1871, the New York Times published an article about counterfeit Rainbow Notes. The chief of the Secret Service, Col. H.C. Whitley, published a denial. Later in 1871, a former BEP engraver, Tom Ballard, was seized by the Secret Service in possession of a fake \$1,000 plate and 150 pounds of rainbow security paper.

Ballard knew how to make the security paper, the inks, and engrave and print. He operated a successful counterfeiting ring from 1862 to 1871 until arrested. He broke out of jail several times until confined to Albany Penitentiary from 1875 to 1887. President Grover Cleveland pardoned him in 1887, apparently because the Secret Service felt he was a broken man. There were many other counterfeiters. Ultimately, the BEP felt rainbow paper offered no real advantage and just extra cost.



Face of \$5 First Charter National Bank Note showing *Columbus in Sight of Land* by Charles Fenton. Compare with *Columbus Discovery of Land* on \$1 Rainbow Legal Tender Note.

Five hundred forty-three are known of the variety below. In 2012, 750 are estimated, with 6,102 for the type. Values are \$90 in F, \$135 in VF and \$225 in EF. This is a common type note on which there is a small, red scalloped seal. The note is signed by Teehee and Burke (no laughing please!).

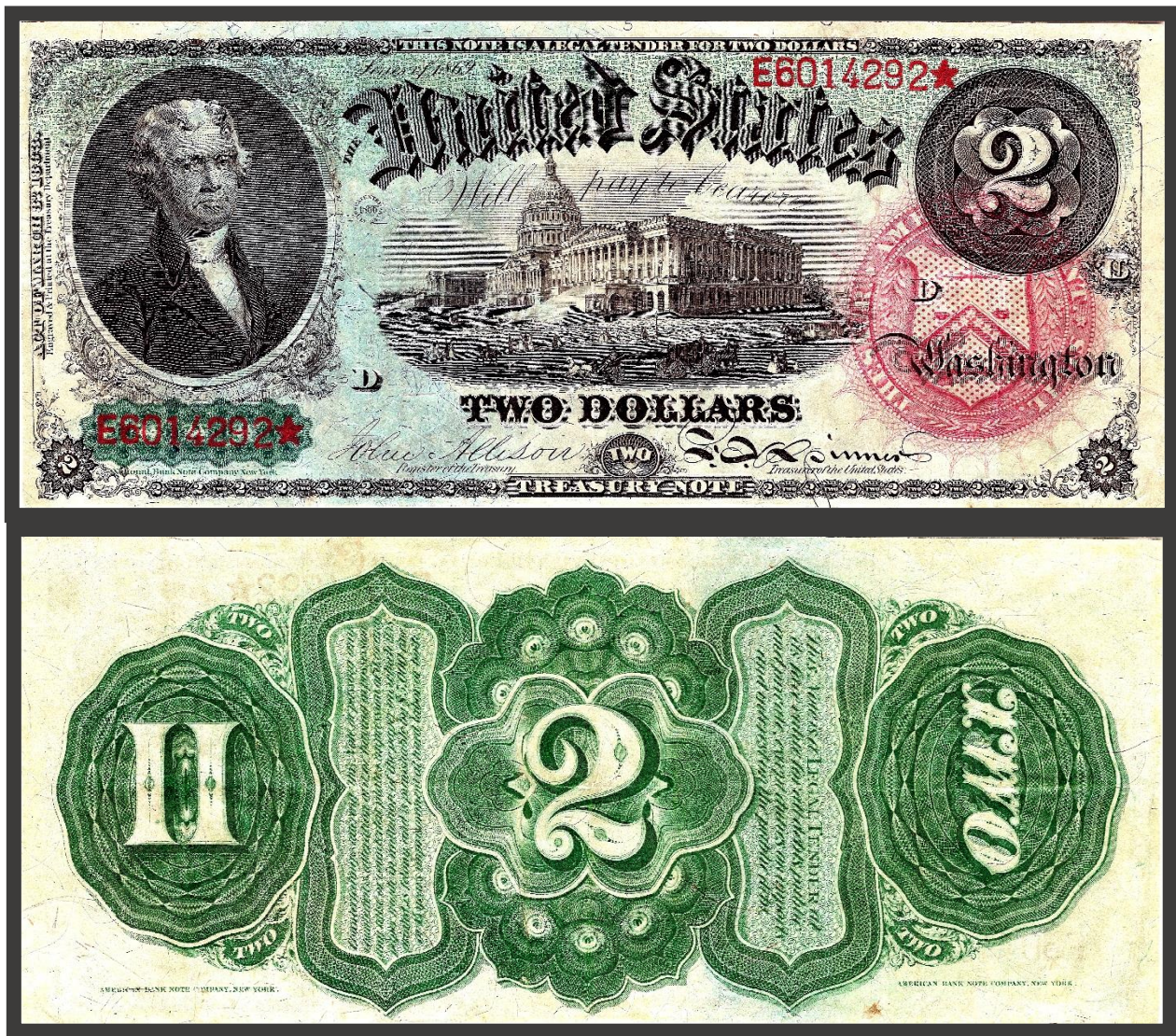
The rainbow series was issued in 1869. A similar face without the blue security paper was matched with a different back for the series of 1874, 1875, 1880 and 1917. Washington's head is still on the dollar bill even today. The reverse showing cross-barred 'United States of America' leads to its nickname of sawhorse. The back has a lengthy counterfeiting statement- 'Counterfeiting or altering this note or passing any counterfeit or alteration of it or having in possession any false or counterfeit plate or impression of it or any paper made in imitation of the paper on which it is printed is a felony and is punishable by \$5,000 fine or 15 years imprisonment at hard labor or both.' Whew! That sentence must have been written by a lawyer! However, in 1865 when a third of all circulating notes were supposedly counterfeit, the Secret Service was formed to counteract them. The 1869 rainbow back had the same clause.



JT 9 \$1 Washington 'Sawhorse' 1874-1917, Fr 36, EF 45, Accession # 965.

The two-dollar rainbow face depicts Jefferson and the Capitol. Jefferson founded the Democratic-Republican Party—the beginning of partisan politics against Hamilton’s Federalist Party, so it is apposite that he should share space with the Capitol. The portrait of Jefferson was engraved by James Smillie, unrelated to the actor born in 1944 who played the starring role in *Kiss me Kate*. The note shows the same blue tint, red treasury seal, serial numbers and green background. The face of the note has the repeating words ‘United States Legal Tender Note’ and between the undulations ‘2 TWO DOLLARS’ and ‘2 U.S. 2.’ There is also a small circle just below the U of United States that says ‘patented July 24th 1866,’ referring to James Wilcox’s patent # 56,650 that uses blue jute fibers processed into the paper.

Three hundred nine are known for this variety. In 2012, 387 are estimated. This is a one note type. Values are \$875 in F, \$2,000 in VF and \$3,750 in EF. Track and Price list 460 in 2009. B&S #40. B&S state that 1,500 to 2,500 exist—quite different to the Gengerke census. The note has a large red seal with rays and is signed by Allison and Spinner. The engraving of Jefferson was by Charles Burt according to Hessler, but by G.F.C. Smillie according to Friedberg.



JT 10 \$2 Rainbow Legal Tender Note, Fr 42, VF 30, Accession # 1483.

Gengerke census for the note below in 2006 is 1,692 and in 2012 projected are 2,198. *Track and Price* list 4,845 known in 2009. The note is common with a Gengerke type census of 4,006 projected in 2012. Values are \$95 in F, \$125 in VF and \$185 in EF. The note has a small red scalloped seal and is signed by Speelman and White. The face is very similar to the rainbow issue of 1869. The back has a complex series of geometric lathe produced shields, scallops and ovals, which joined together, have the appearance of a bracelet, hence the nickname. The bracelet issue years were the same as the \$1 sawhorse: 1874, 1875, 1878, 1880 and 1917.

Charles Burt (1822-1892) created the portrait of Jefferson. He was one of the chief engravers for the Treasury Department. He was born in Edinburgh and died in Brooklyn. He also engraved *Sir Walter Raleigh Parting with his Wife*, *The Signing of the Death Warrant of Lady Jane Gray*, *The Card Players*, *Anne Page Slender and Shallow*, *Marion Crossing the Pedee*, *Duck Shooting* and *Bargaining for a Horse*, among others. The face and back both have the ABNCo. imprint. Obviously, they were still doing work for the BEP in 1869.

John F. Kennedy welcomed forty-nine Nobel Prize winners to the White House in 1962 and said, "I think this is the most extraordinary collection of talent and of human knowledge that has ever been gathered together at the White House-with the possible exception of when Thomas Jefferson dined alone."

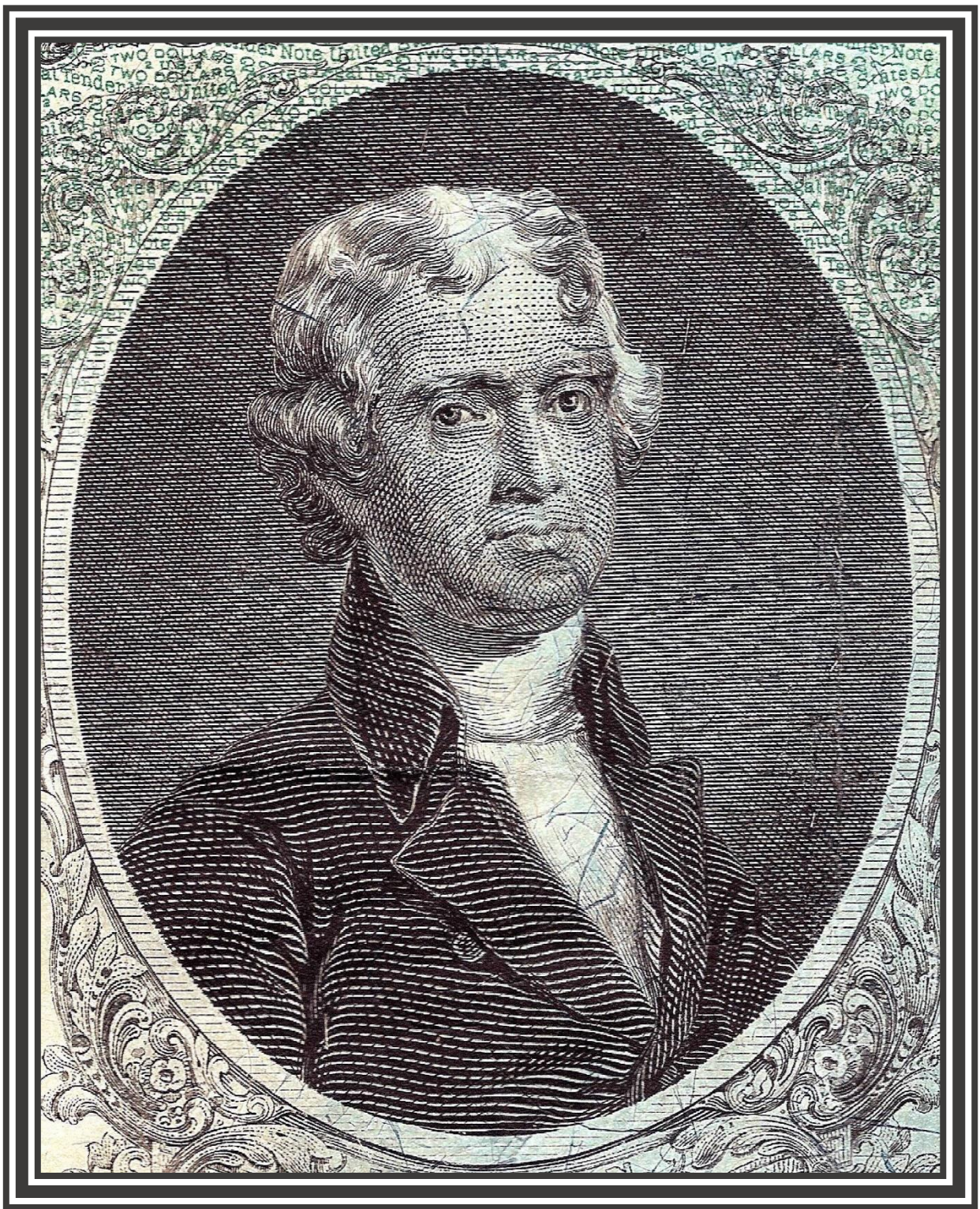


JT 11 \$2 Legal Tender Jefferson 'Bracelet' 1874-1915, Fr 60, AU 55, Accession # 1230.

Jefferson was born 1743. His mother was Jane Randolph, a Virginia aristocrat, and his father was Peter Jefferson, a Welsh planter and surveyor. At age nine, he attended a local school, learning Latin, Greek and French. At age 14, he inherited 500 acres and many slaves and at age 16 he attended the College of William and Mary, Williamsburg, for two years, often studying 15 hours per day. He often attended Governor Francis Fauquier's parties, where he played his violin and cultivated his taste for wine. At the age of 19, he began to study law for five years before being admitted to the Virginia bar. He subsequently had a very busy law practice. In 1765, his oldest sister Jane died. He mourned deeply. In 1772, at age 29, he married a 23 year-old widow, Martha Skelton, with whom he had six children. She died suddenly ten years later and Jefferson never remarried.

He represented his county in the Virginia House of Burgesses starting in 1769 and later was a delegate to the second Continental Congress in June, 1775. He was appointed to a five-man committee to develop the Declaration of Independence and was selected to write the draft. The Continental Congress deleted about a quarter of it, particularly subjects dealing with slavery.

In 1776, he returned to Virginia's House of Delegates where he drafted 126 bills in three years. In 1778, he introduced elective studies at his alma mater. In 1779, at age 36, he was elected governor of Virginia. During the British invasion of Virginia, he was a timid and ineffective administrator and only lasted two years. He founded the University of Virginia as the first American university separating religion from higher education.



Closeup of vignette of Thomas Jefferson from Charles Burt's engraving on the \$2 Rainbow Legal Tender Note.

From 1785 to 1789, he was appointed minister to France and kept informed about home politics through letters from James Madison. In 1789, despite extensive networking with the nobility, he supported the French revolutionaries. Washington appointed him the first secretary of state, but he fought with Hamilton over fiscal policies. Jefferson founded the Democratic-Republican Party with Madison. He supported France in its war with Britain but Washington disagreed.

Jefferson felt that the future of America was in the small farmer and not with business. So, he warred with Hamilton about American revolutionary debt and business development. He felt each state should be responsible for its own debt, especially because Virginia had little debt. However, he compromised with Hamilton in having state debt assumed by the federal government in return for establishing the national capital on the border area between Maryland and Virginia. Jefferson favored states' rights, a limited federal government and education free of religious bent.

He felt the Hamiltonian Federalists were going to create an industrial, European, class-ridden system. He thought that America was exceptional and could grow up differently as a nation of yeoman farmers. He opposed corporations. He felt there should be a wall of separation between church and state. His opponents thought he was intoxicated with the religious and political extremism of the French revolution. However, he was a student of religion and the *Jefferson Bible*, a compilation of his interpretations of the bible, was published posthumously. Jefferson's Democratic-Republican Party was a forerunner of the Democratic Party.

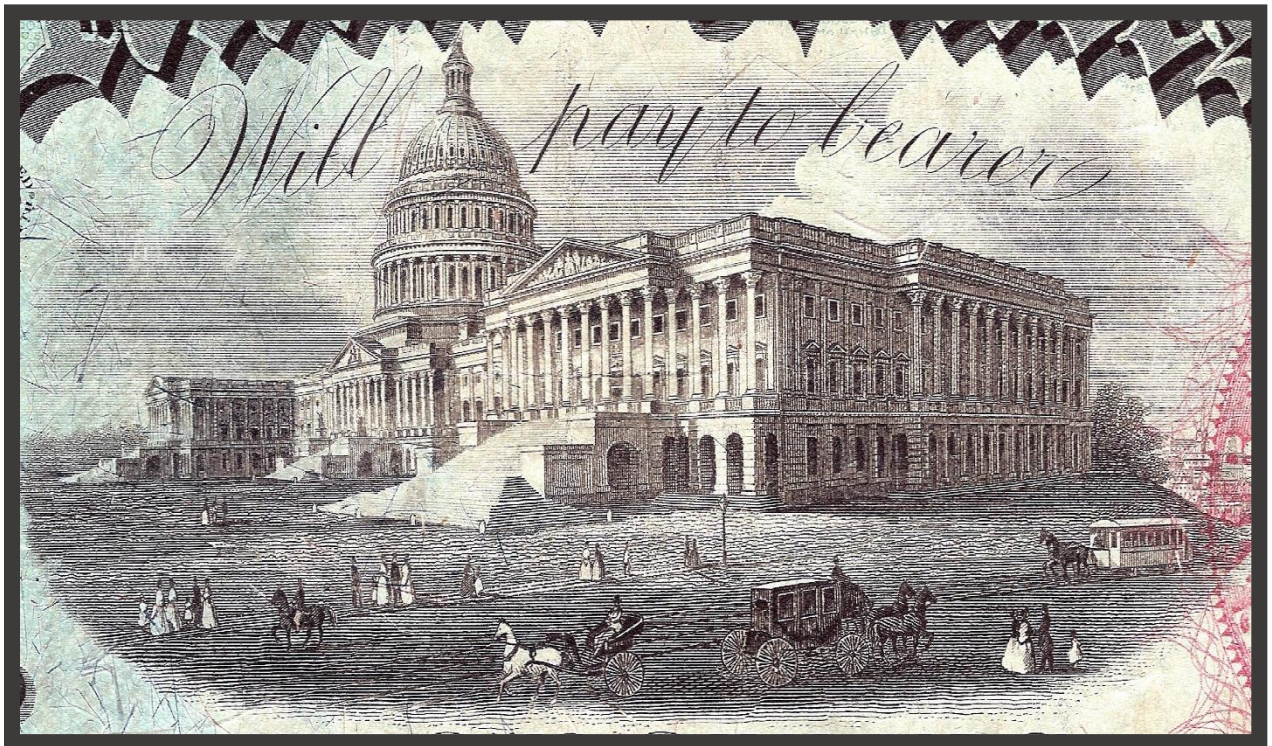
He resigned from office in 1793 and fought Hamilton from home as a partisan Democratic-Republican. He was elected vice president to John Adams, the Federalist, in 1797. In 1798, with the quasi-war against France, Adams built up the army and passed the Alien and Sedition Acts, which Jefferson deeply resented, feeling it was really just a partisan attack on him personally. Jefferson anonymously wrote the Virginia and Kentucky resolutions, which said the federal government could not exercise powers not given them by the states. In other words, the states could void federal acts. Such states' rights theory later led to nullification and the Civil War.

In 1800, he tied for the presidency with Aaron Burr, but Hamilton (whom Jefferson called the 'evil genius') persuaded people that Jefferson was a lesser evil than Burr. Burr's refusal to step down irritated Jefferson, who dropped Burr as a running mate in 1804 after Burr killed Hamilton in a duel. Jefferson and his daughters made the White House more casual-a people's president. Although he defended a free press, he sparred with partisan newspapers. He had a lisp, so he preferred writing to public speaking and he consequently stopped the practice of making a state of the union address. He was a great gourmet and loved wine. As president, despite being anti-Federalist, he purchased French Louisiana, doubling the size of the U.S. and initiated the Lewis and Clark expedition. As an individual, he was a polymath distinguished as a statesman, architect, horticulturalist, author, inventor, and 1819 founder of the University of Virginia.

Although he was born into one of the wealthiest families in the U.S., he died deeply in debt. In 1815, after the British burnt Washington, he sold his library of 6,487 books for \$23,950 to Congress, forming the core of the Library of Congress. He owned ten thousand acres of land but years of embargoes and war had crippled Virginia agriculture. Jefferson continued spending on a gourmet existence and books. When he left office in 1809, his wine bill was over \$10,000! His lavish house, Monticello, was a forty-year work in progress with 43 rooms. He lived constantly beyond his means. It was not possible in those days to declare bankruptcy, and it was largely his reputation that kept his creditors at bay. Despite his protestations about slavery, he preferred his lavish existence to the freeing of his slaves. By contrast, George Washington freed his slaves on his death. Towards the end, Jefferson petitioned the State of Virginia to auction his possessions with 11,000 tickets of \$10 each to raise money to keep him. When he died, he was over \$107,000 in debt, probably equivalent to a debt of about \$10 million today. He left a heavily indebted estate with 130 slaves still in slavery.

He had encumbered his slaves by notes and mortgages, so could not release them until he was out of debt, which he never was. He seemed to feel blacks were inferior but that they should be freed and deported. Jefferson may have fathered children with his black slave Sally. At the same time, he wrote against inter-racial progeny. However, Sally may well have been the half-sister of Jefferson's wife Martha, as her father had a reputation of becoming involved with slave girls. Years of exhaustive DNA and historical study have still not proven the point conclusively.

Jefferson instructed that his epitaph should read "Here was buried Thomas Jefferson, author of the Declaration of Independence, of the Statute of Virginia for religious freedom and father of the University of Virginia." After his presidency, he corresponded for years with his great political rival and partisan antagonist John Adams, developing a great friendship. Both died on July 4th 1826, exactly 50 years after the Declaration of Independence. Jefferson's house, Monticello, together with the University of Virginia, is a testament to his architectural talents.



Closeup of Louis Delnoce and William Chorlton's Capitol scene on the \$2 Rainbow Legal Tender Note.

Louis Delnoce and William Chorlton engraved the Capitol scene above (Louis Delnoce also engraved the \$5 First Charter Note face of *Columbus Sighting Land* and the *New World Presented to the Old*, both from designs by Charles Fenton). This Capitol scene is an interesting contrast to the later small size depiction of the U.S. Treasury building on the modern \$50 note.



Reverse of small size \$50 FRN series of 2004, Fr 2122A, depicting U.S. Capitol.



JT 12 \$5 Legal Tender Rainbow ‘Wood Chopper’ 1869, Fr 64, CU 64, Accession # 1378.

Four hundred forty-nine are known for the above variety. In 2012, 540 are estimated. There is only one Friedberg number for this type. Values are \$700 in F, \$1,450 in VF, \$2,000 in EF and \$3,500 in CU63. *Track and Price* lists 549 in 2009. B&S state that 1,000-1,500 exist; quite different from the *Track and Price* and Gengerke census. B&S #47. The note has a large red seal with rays and is signed by Allison and Spinner.

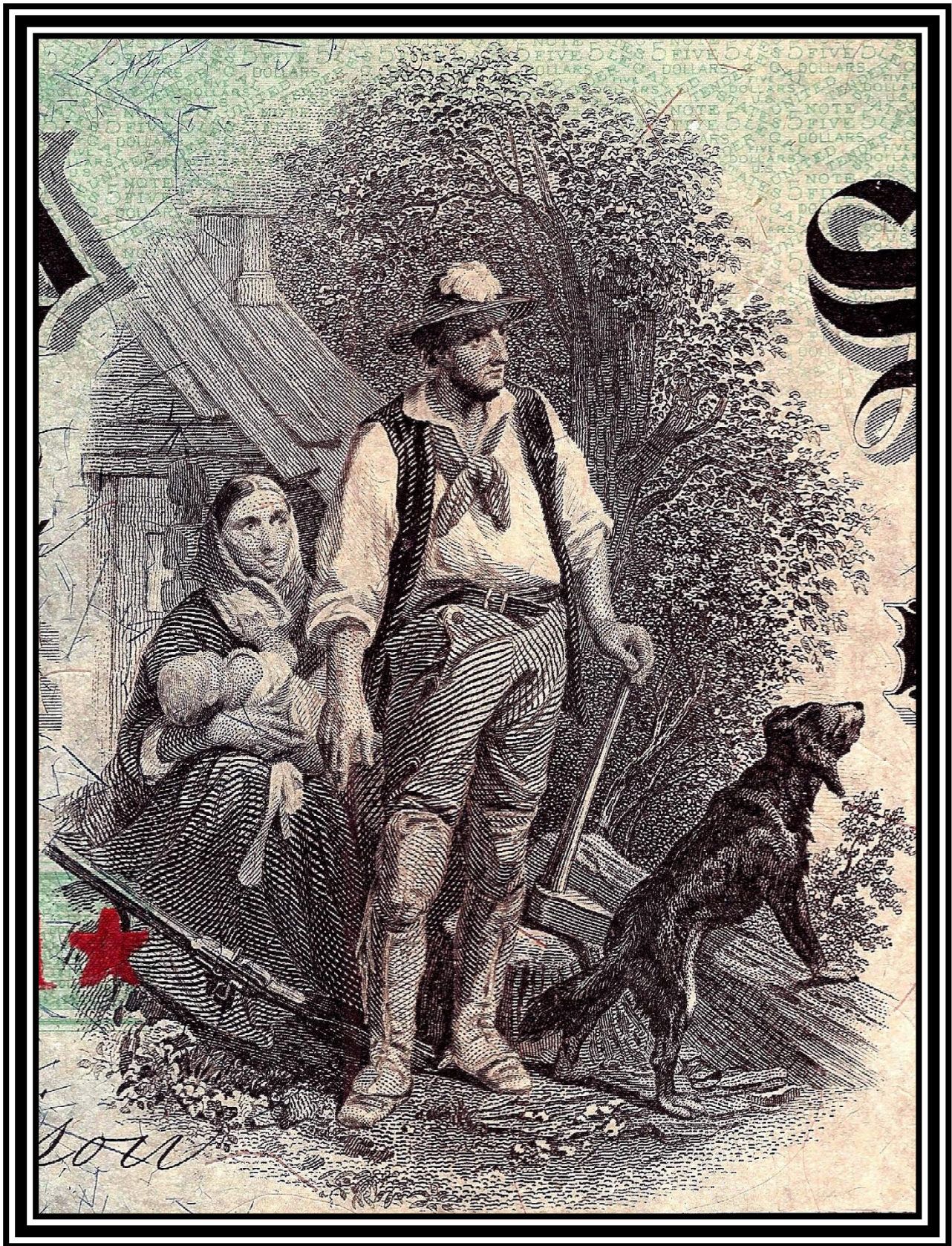
The ‘Wood Chopper’ is a nickname for the note, but the vignette is correctly called *The Pioneer Family*, an engraving by Henry Gugler that shows a frontiersman holding an axe in front of his self-built house with his wife, child and trusted dog. Behind him is a rifle. He looks massive and serious, very much like his wife- a statement about the chutzpah of western expansion! Henry Gugler emigrated from Germany in the 1850’s. He worked in Washington, D.C. as a lithographer and then moved to Milwaukee, where he opened Gugler and Sons, a large lithography plant, employing 40-50 people in a three-floor steam-driven factory. It was sold in the 20th century to a local newspaper.

Alfred Sealy did Andrew Jackson’s engraving below (which appears on many U.S. bank notes) after a painting by Thomas Sully. Seven hundred twenty-six are known for this variety. In 2012, 1,148 are estimated, with 4,393 for the type. Values are \$150 in F, \$215 in VF, \$350 in EF and \$700 in CU 63. *Track and Price* list 2,887 known for the type in 2009. This is a common note with a small red scalloped seal and signed by Speelman and White.



JT 13 \$5 Legal Tender 'Wood Chopper' 1875-1907, Fr 91, AU 58, Accession # 1205.

The back is quite bland, with just a big blob of geometric lathe-work in the middle and with the same counterfeit clause on the right. The heart-shaped counters on the four corners make it look like a playing card and the four butterflies around the central blob look like fancy face masks for a ball! These notes were issued in 1875, 1878, 1880 and 1907. However, note that the rainbow has American Bank Note Company, New York on the back for the 1869 issue and from 1878 on, the issue has 'Bureau of Engraving and Printing' on the back. The BEP started in 1877.



Detail of Henry Gugler's *Pioneer Family* on Legal Tender \$5.



JT 14 \$10 Legal Tender Rainbow 'Jackass' 1869, Fr 96, AU 50.

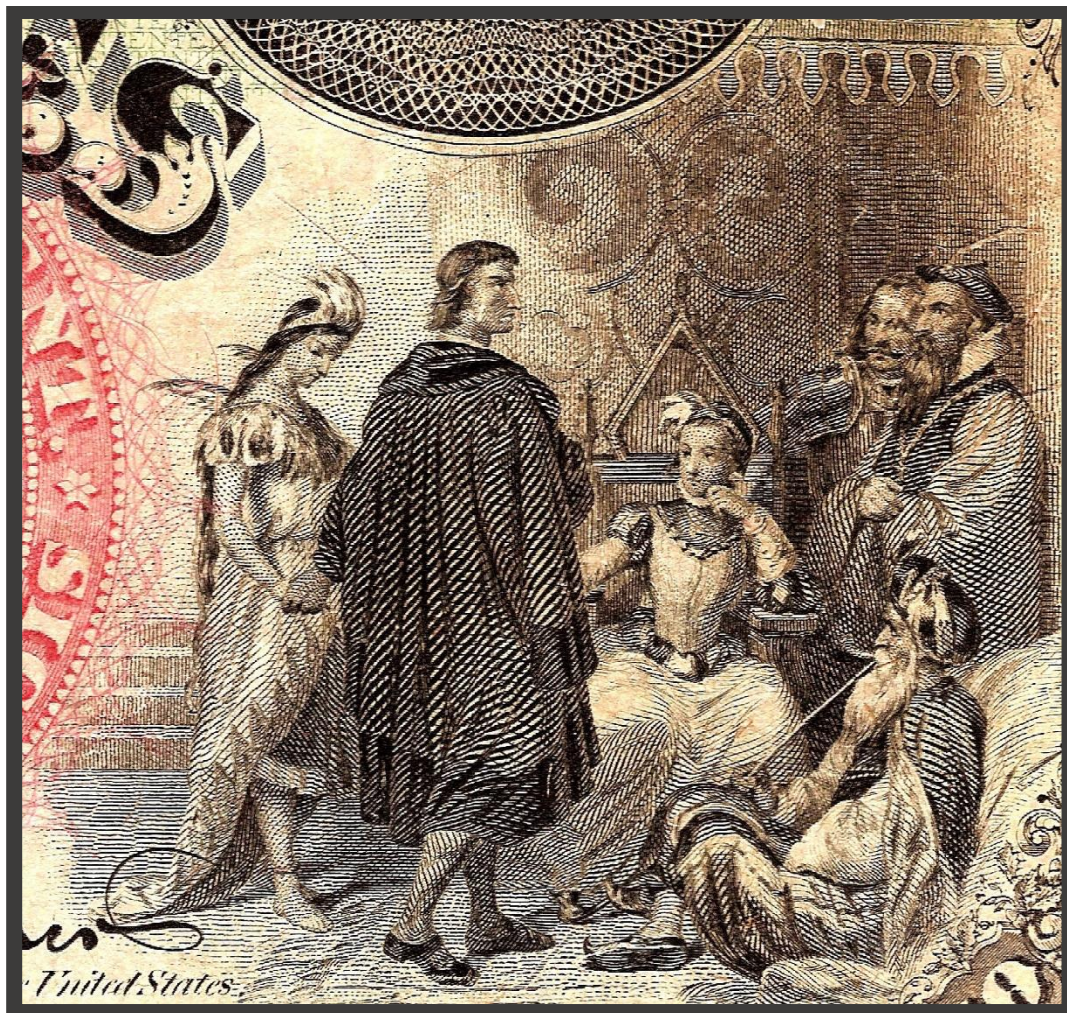
Three hundred forty-two are known for the above variety. In 2012, 452 are estimated. There is only one Friedberg number for this type. *Track and Price* list 428 in 2009. B&S state that 1,200-1,600 exist; this is quite different to the Gengerke and *Track and Price* census. Values are \$750 in F, \$1,250 in VF, \$1,950 in EF and \$6,500 in CU63. B&S #71. The note has a large red seal with no spikes or rays and is signed by Allison and Spinner.

When the eagle on the face of the note is turned upside down, it looks like a jackass, hence the nickname of the note. The eagle on the top of the fractional currency shield is the same. The same special paper with about a third of it dyed blue was also used in the Franklin Refunding Certificate. Note the back says NBNC; this was pre-BEP era.

Alfred Sealy engraved the portrait of Webster and on the right is Pocahontas presented at court. In this vignette, Pocahontas is deferentially looking down, holding hands with her husband, John Rolfe. She is being introduced to England's royal court, presumably to James I's wife, Anne, who is sitting in a large chair. A Turk is sitting on the ground smoking a pipe. John Rolfe was one of the first successful Jamestown tobacco exporters. The engraving is by W.W. Rice. A similar depiction is used on the face of the first charter \$5 National Bank Note.



Eagle on left, Jackass on right when eagle is inverted.



Pocahontas Presented at Court, presumably by John Rolf to Queen Anne, on \$10 Rainbow. Actually, the correct label for the engraving is *Introduction of the Old World to the New*, engraved by W.W. Rice.



Compare above *Introduction of the Old World to the New*, with *America Presented to the Old World*. This engraving shows Pocahontas representing America to the Old World on \$5 First Charter National Bank Note, engraved by Charles Burt.

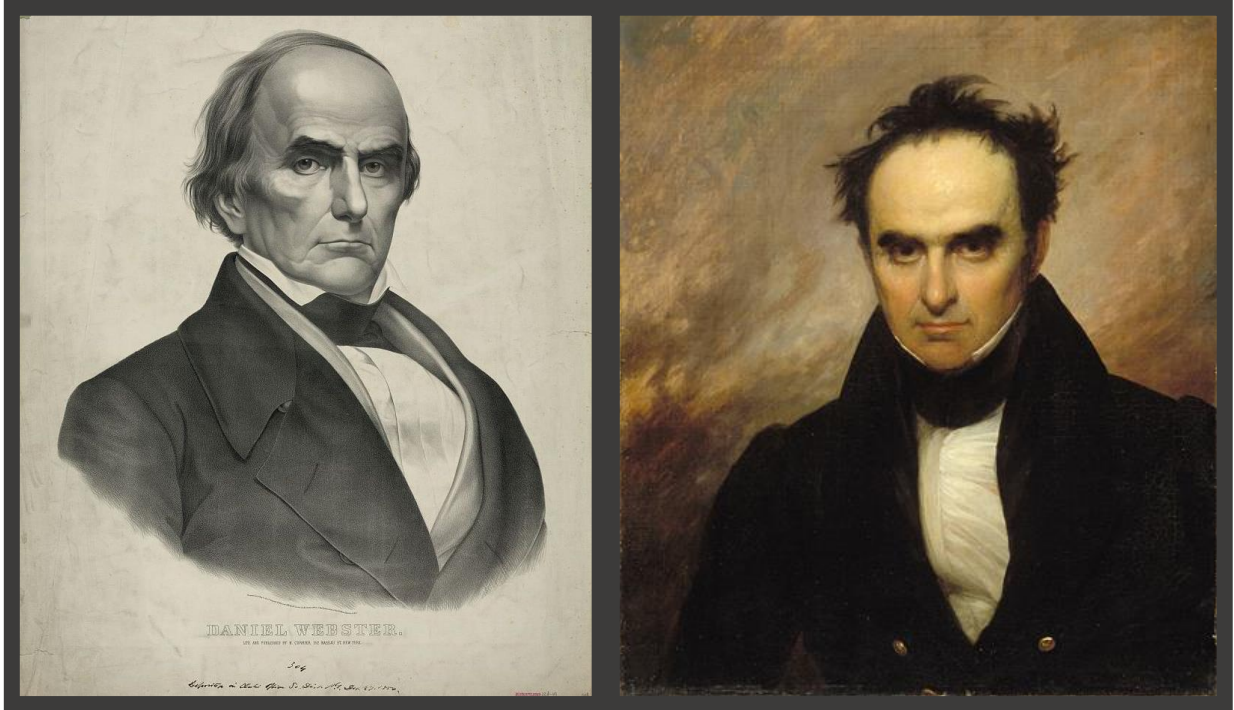
The National Bank Note (NBN) imagery is similar but it represents something different- America meeting the Old World rather than the British court. There is a town in the background representing civilization and Pocahontas meets three ladies. The one in the background standing looks African, the one reclining in the foreground appears European and the one seated behind her looks perhaps Indian. The three ladies thus represent Africa, Europe and Asia. At the bottom of the engraving is 1492, the year of Columbus' discovery of America.



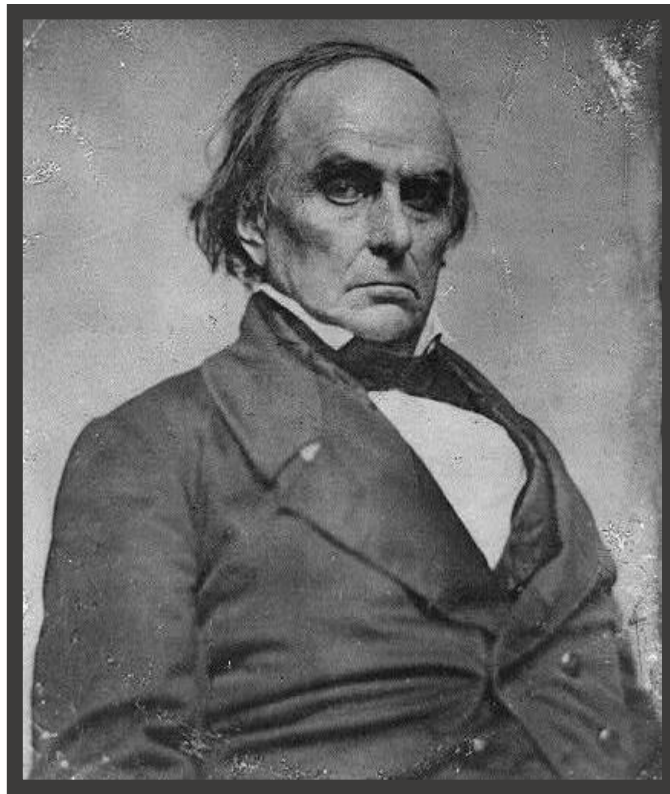
JT 15 \$10 Legal Tender 'Jackass' 1875-1880, Fr 111, EF 40, Accession # 992.

Gengerke census for the above note in 2006 is 133 and in 2012 projected are 159. Gengerke CAGR 2012 predicted census for the type is 1,372. Paper Money Values are \$500 in F, \$800 in VF and \$1,500 in EF. The note has a small red scalloped seal and is signed by Tillman and Morgan. Both the face and the back say 'Bureau of Engraving and Printing', as well as 'Series of 1880.' The BEP started in 1877. There were fewer reissues of the higher denomination legal tenders than for the \$1, \$2, and \$5.

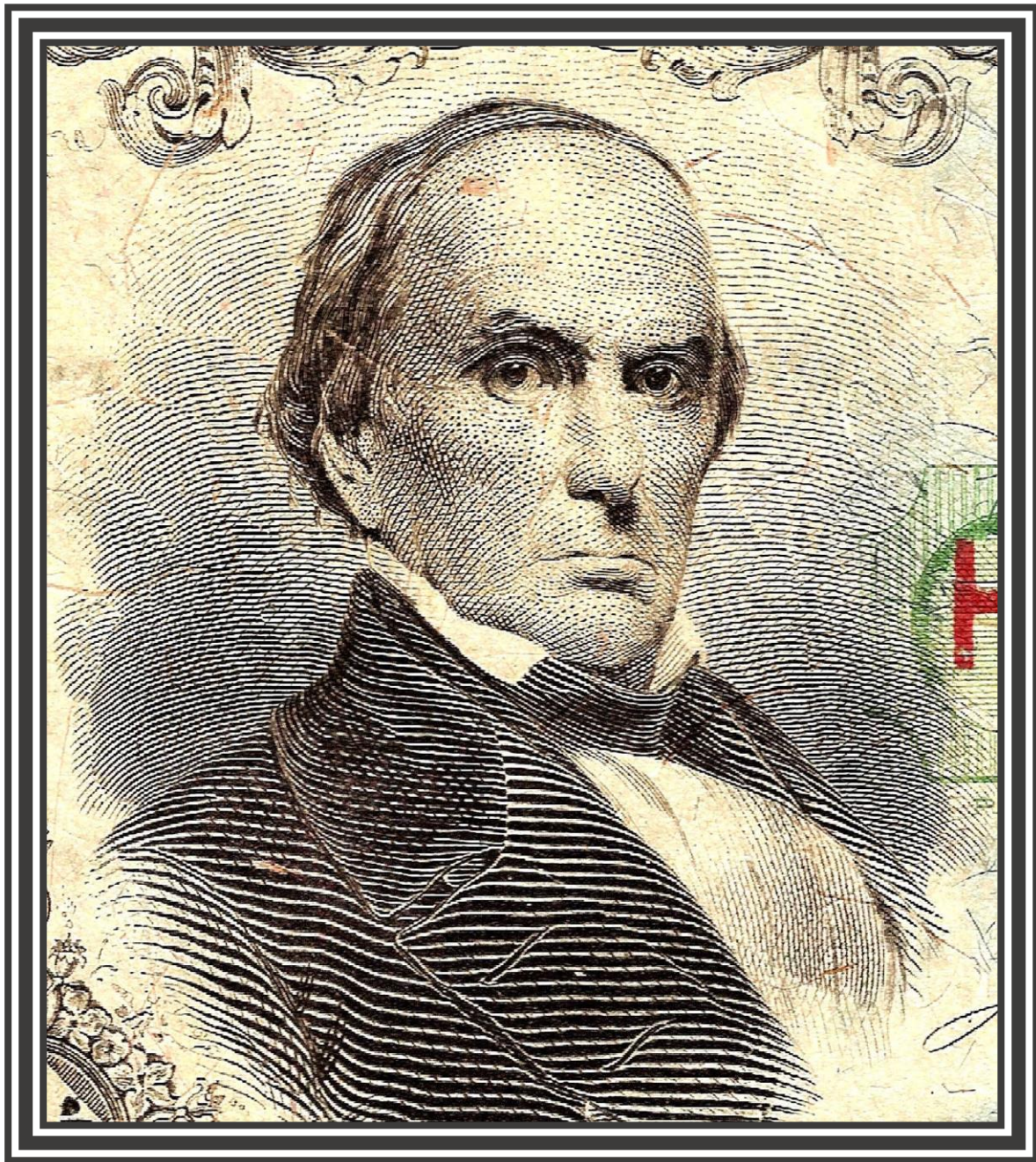
Daniel Webster was born in 1782 in Salisbury, New Hampshire on a small farm with nine siblings. He went to Phillips Exeter Academy and then Dartmouth, and became a schoolmaster to subsidize his older brother's education. In 1802, he became a lawyer's apprentice, clerking for Gore, a prominent attorney in Boston. There, he met many politicians. In 1805 after qualification, he set up in Boscawen, New Hampshire, moving to Portsmouth in 1807 to give his brother his practice. He was a Federalist and was selected to express New Hampshire's grievances over loss of their shipping rights and federal conscription. From 1812 to 1817, Webster was a congressman for New Hampshire and was anti-tariff, pro free trade and critical of Jeffersonian Republican President Madison financing war with paper money. In 1816, he defended Dartmouth College against the State of New Hampshire, saying corporations did not have to justify their privileges by doing public good and were independent entities. He won the case and went on to become a very wealthy constitutional lawyer, arguing several cases before the Supreme Court.



Engraving in Library of Congress of Webster left; Black Dan portrait right.



Daniel Webster Daguerreotype.



Closeup of Daniel Webster Vignette by Alfred Sealy from \$10 Rainbow Note.

In 1822, Webster was elected Congressman from Boston. He reformed the U.S. criminal code and was chairman of the Judiciary Committee. He supported National Republican President J.Q. Adams. He was a much sought-after orator and this got him into the Senate in 1827. He previously opposed tariffs but in 1828 he supported them, saying the nation had overruled New England twice before, so he would now join the will of the majority. He also voiced approval of western Senator Henry Clay's 1824 'American System.' The American System was an economic development plan based on high protective tariffs and federally financed roads and canals.

Vice President John Calhoun from South Carolina declared that states were sovereign entities that could nullify any federal directives they deemed unconstitutional. South Carolina Senator Robert Hayne debated this with northern Senator Daniel Webster. The National Republicans sold federal land at high prices to increase federal income, to discourage western migration and to maintain high eastern population density with low wages. Webster's 'Reply to Hayne' in 1830 was

regarded as the most eloquent speech ever delivered in Congress. In it, he attacked Calhoun's nullification doctrine on the tariff and contrasted it with New England's team player spirit. In 1832, South Carolina passed its nullification ordinance and Webster supported westerner Andrew Jackson, the first Democratic president, who sent in U.S. troops to scare the South Carolina legislature against voting on nullification.

Then Clay, Webster and other Federalists and National Republicans united to form a new Whig party to oppose Jackson, who was anti-BUS (Bank of the United States). But Webster was also lining his own pockets. He was legal counsel to the BUS and director of its Boston branch. He speculated heavily in midwestern property and after the panic of 1837 brought on by Jackson, he never recovered from debt, living on the largesse of admirers. Further, he lived high on the hog, drank heavily and gambled.

In 1836, Webster ran unsuccessfully for the Whig ticket for president. But Democrat Jackson's VP Martin Van Buren won and had to oversee the disastrous panic of 1837. The Whig, William Henry Harrison, was elected president in 1840 and offered Webster the vice presidency but Webster refused, feeling he would fall into oblivion, so he chose to become secretary of state instead. Harrison died of pneumonia a month after inauguration and his VP, John Tyler, kept Webster on as secretary of state. Tyler was inflexible and vetoed two bank bills presented by Clay, also a Whig. So, Tyler's entire administration resigned.



JT 16 \$20 Legal Tender Rainbow 1869, Fr 127, VF 25, Accession # 1486.

Webster returned to Boston for a bit and then in 1845 was re-elected to the Senate. There he opposed annexing Texas as a slave state because it might upset the precarious balance between northern free states and southern slave states. In 1848, he ran unsuccessfully for president as a Whig against Zachary Taylor. Clay's compromise of 1850 again tested Webster, who remained a team player, voting for the annexation despite New England being vigorously abolitionist. His 'Seventh of March' speech in 1850 supported Clay and again put off the Civil War. However, it allowed fugitive slaves to be returned to their owners. This was too much for New England and Webster was forced to resign from the Senate. He was made secretary of state under Whig President Millard Fillmore.

In 1852, Webster again ran as Whig for president, losing to Democrat Franklin Pierce. Webster died later that year of a severe head injury after falling from a horse. The head injury led to excessive bleeding in the brain because his alcohol-damaged liver (cirrhosis) could not make enough clotting substances in the bloodstream. Webster was the northern arm of the 'Great Triumvirate,' with Calhoun from the South and Clay from the West.

One hundred forty-eight are known for the variety above. In 2012, 166 are estimated. There is only one Friedberg number for this type. B&S state that 200-250 exist; this is quite different to the Gengerke census. Values are \$2,250 in F, \$3,500 in VF and \$4,000 in EF; B&S #82. The note has a large red seal with rays and is signed by Allison and Spinner. The face depicts Hamilton with the same portrait as on the \$2 Legal Tender **JT4**. On the right is *Victory advancing Holding Shield and Sword*. **JT7**, the first \$20 Legal Tender Note, shows a similar vignette of Standing Liberty holding shield and sword. Look closer and you will find the label of the \$20 rainbow vignette incorrect.

Fifty-four are known for the variety below. In 2012, 64 are estimated, with 1,806 for the type. This is a rare variety of a common type note. Values are \$365 in F, \$575 in VF and \$900 in EF. The note has a small red scalloped seal and is signed by Lyons and Roberts. It shows the same portrait of Hamilton on the left and the same mislabeled Standing Liberty with sword. Hamilton is engraved by Charles Burt and Liberty is engraved by Alfred Jones.

This vignette below is labeled by Friedberg as *Victory Advancing Holding Shield and Sword*. It shows a female wearing a helmet with the American eagle on top, signifying power and freedom. Allegorical women on American notes started in the 1840's. In her left hand, she supposedly carries a sword touching the earth signifying power. In her right hand is a shield. There is also a liberty cap behind her. However, if you look carefully, there is no hand guard on the sword; it is simply the continuation of the pole that holds the liberty cap. The Phrygian cap was given to Roman slaves at manumission and became a prominent emblem of freedom on U.S. coins. Thus, this vignette is really emblematic of liberty and freedom and not victory. Neither can she be advancing, as she is leaning backwards on the liberty pole. Her three attributes are liberty cap on pole, shield held open and helmet with the American eagle on top. The liberty cap signifies liberty, the reversed shield suggests defense and the eagle on the helmet signifies freedom. The vignette, therefore, should properly be called *American Liberty Standing*.





JT 17 Legal Tender Hamilton 1875-1880, Fr 143, VF 20, Accession # 967.



American Liberty Standing.

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CHAPTER EIGHT

1901-1923 LEGAL TENDER NOTES



JT 18 Legal Tender Washington 'Cogwheel' 1923, Fr 40, VF 30, Accession # 1229.

One thousand ninety-seven are known for the above variety. In 2012, 1,506 are estimated. There is only one Friedberg number for this type. Values are \$175 in F, \$250 in VF, \$400 in EF and \$700 in CU63. The note has a small red scalloped seal and is signed by Speelman and White. The portrait of Washington is the one we are all familiar with from our one-dollar bills. It is an engraving by Alfred Sealy of the Gilbert Stuart portrait of George Washington- the same as on the 1869 Rainbow Legal Tender. On the rainbow and sawhorse legal tender issues, it is facing to our left. On this and the modern one-dollar bill, it is facing to our right.

The note is called 'Cogwheel' because of the design on the back, which surrounds 'THE UNITED STATES OF AMERICA•ONE DOLLAR•'—another example of the geometric lathe work. Notice the lathe work in the border! How difficult would that be for a counterfeiter to reproduce? Notice it is reversed, i.e. the lines are white and the background is green.

As a child I had an erector set, or as they called it in England 'Meccano' (actually, current erector sets sold in the U.S. are Meccano sets produced in France, part of Nikko group of Japan). One of the projects I built was called a pantograph,

though actually it was nothing of the sort but a geometric lathe. A pantograph is an apparatus to enlarge or reduce a picture. This project had a system of gears and a rotating base upon which was a pad of paper. The gearing system had a pen attached that produced the same patterns as seen with the geometric lathe.



JT 19 Legal Tender 'Bison' 1901, Fr 122, VF 30, Accession # 1308.

Six hundred four are known for this variety. In 2012, 933 are estimated, with 2,281 for the type. This is a common variety for the type. Values are \$675 in F, \$1,150 in VF and \$2,500 in EF. Some say the bison is 'Black Diamond,' the same as on the Indian Head nickel. Others say it is Pablo, sold by Michael Pablo, a Ronan, Montana rancher, to the Washington Zoo in 1897 for \$500. Pablo was originally sketched by Charles Knight and engraved by Marcus W. Baldwin (1874-1953). Pablo died in 1914. The note has a small red scalloped seal and is signed by Speelman and White. The face also shows vignettes of Lewis and Clark engraved by G.F.C. Smillie. On the back is a female figure representing Columbia standing between two pillars and two scrolls. Semiotics is the theory and study of signs and symbols- if we study the bill further, a female figure is holding a thunderbolt, a symbol of military might.



This would suggest the symbolization of the post-Civil War Union military's feeling of power, possibly over the plains Indians, in ridding the population of bison to bring the Native Americans to their knees. The near-extinction of the bison was seminal to the subduing of Native Americans. For decades, the federal government espoused the killing of bison. Railroads travelling west carried passengers that were encouraged to shoot bison for fun. The carcasses accumulated and

the skins and bones were sold for whatever white men could get. The federal government paid hunters to shoot millions of bison to reduce their population, thereby engineering Native American dependence on the government rather than continued independence. The bison was a storehouse of life's necessities for plains Indians. The flesh was food, the hide was clothing and shelter and the bones were houses, hunting and farming implements.

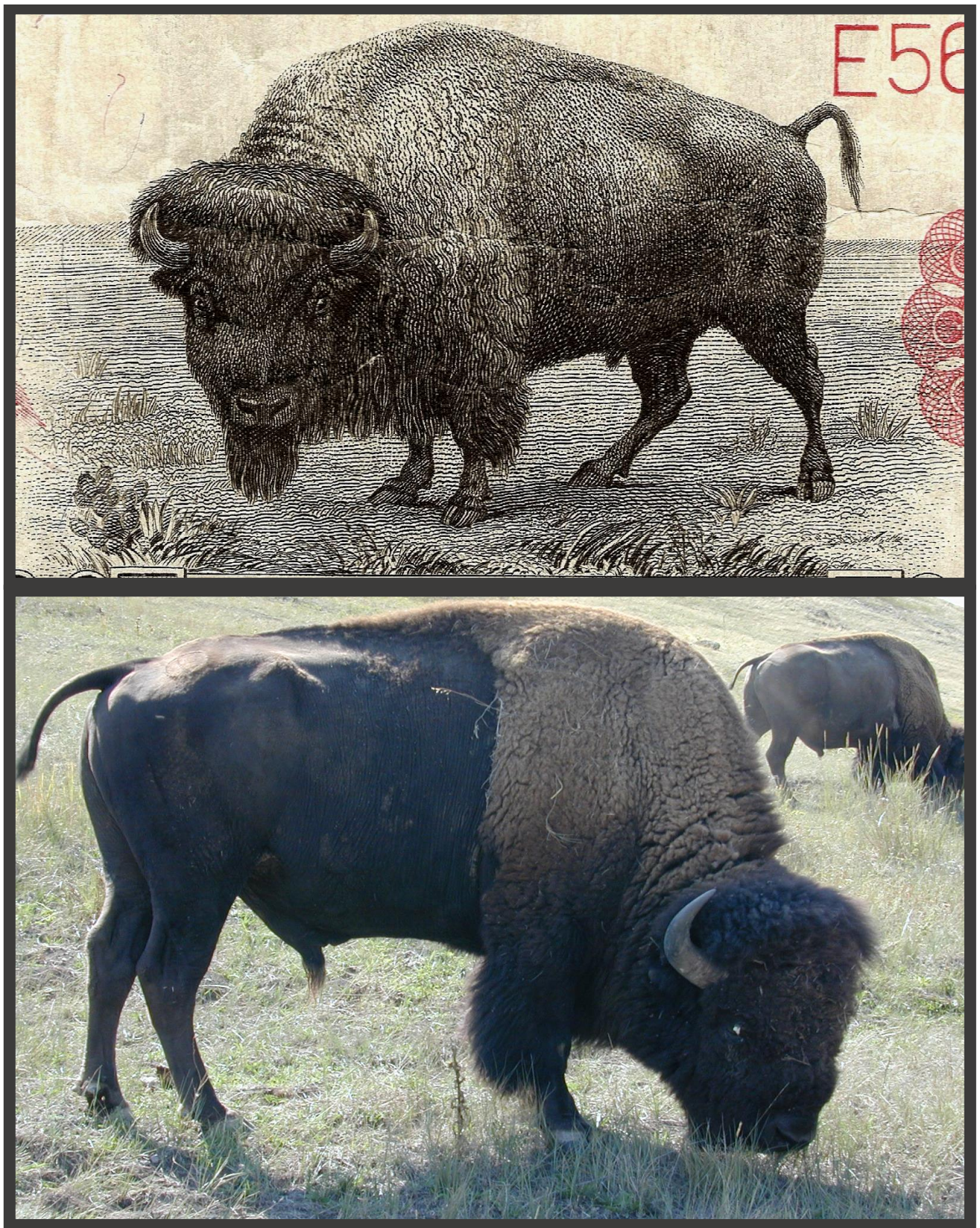
The Union Pacific Railroad was instrumental in wiping out many herds. They offered \$1 to \$3 each for the hides, simply to destroy the lifeblood of the Indians. About 13 million bison were killed by 1883. When the herds were all but gone, the protest finally reached the ears of whites. By 1900, there were only a few hundred left. Even now, after conservation efforts, bison numbers are only back to the tens of thousands. The note is called the 'Bison Note' or sometimes 'Buffalo Bill.'

Teddy Roosevelt said in 1893, "After the ending of the Civil War, the work of constructing trans-continental railway lines was pushed forward with the utmost vigor. These lines supplied cheap and indispensable, but hitherto wholly lacking, means of transportation to the hunters. At the same time, the demand for buffalo robes and hides became very great, and the enormous numbers of the beasts and the comparative ease with which they were slaughtered attracted throngs of adventurers. The result was such a slaughter of big game as the world had never before seen; never before were so many large animals of one species destroyed in so short a time. Several million buffaloes were slain. In 15 years from the time the destruction fairly began, the great herds were exterminated. In all probability there are not now [1893], all told, five hundred head of wild buffaloes on the American continent and no herd of a hundred individuals has been in existence since."

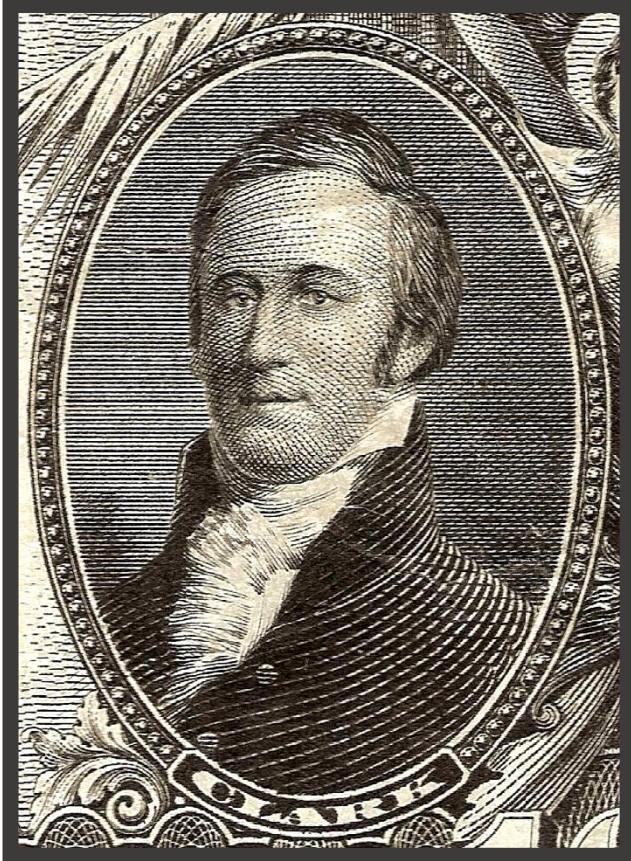
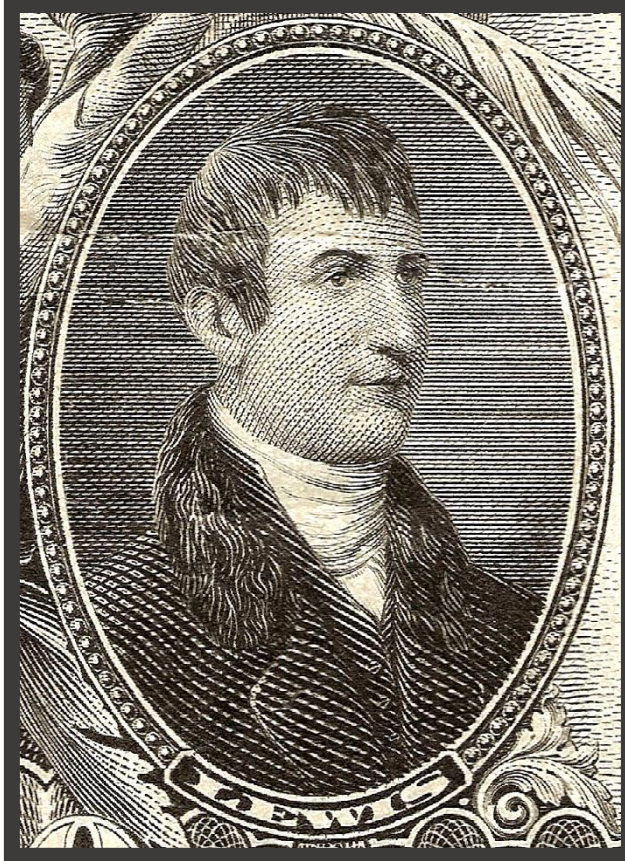
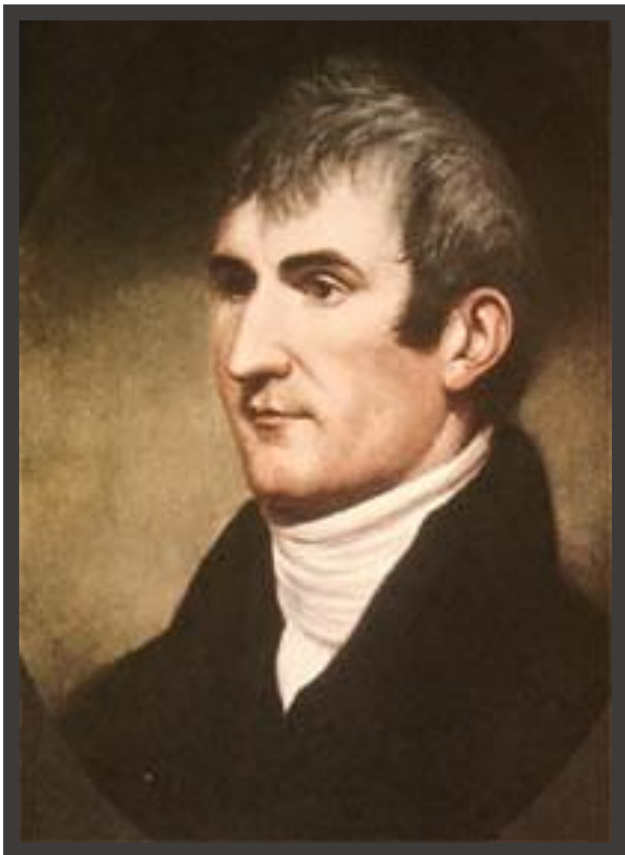
Lewis and Clark are also depicted on the 'Bison Note.' On the left is Meriwether Lewis's 1807 portrait by Charles Wilson Peale and on the right is William Clark's 1810 portrait also by Peale. Both portraits on the note were engraved by BEP engraver G.F.C. Smyllie, clearly taken from Peale's paintings.



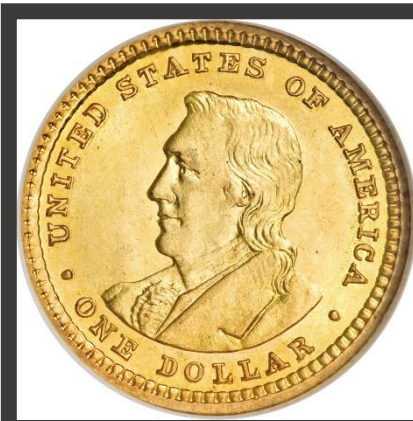
Pile of bison skulls and bones from National Park Service archives, late 1880's.



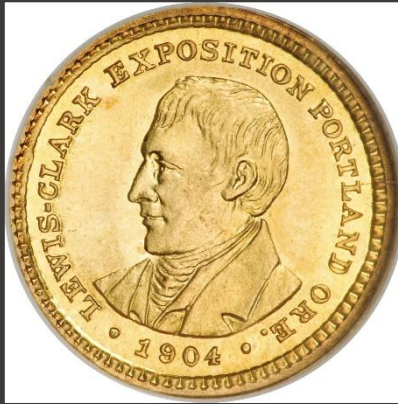
Bison from \$10 Legal Tender Note top. Bison from usgs.gov website bottom.



The series of 1901 note was designed to stimulate interest in the 1905 Lewis and Clark Centennial Exposition in Portland, Oregon that attracted 1.6 million people over four months. Gold dollars were also struck as commemoratives by the U.S. Mint in 1904 and 1905, designed by Charles E. Barber, with Lewis on one side and Clark on the other. Shoshone Native American, Sacagawea, was finally depicted on a dollar in 2000 by artist Glenna Goodacre. Although the 2000 dollars initially tarnished horribly, the metal was later specially treated to prevent this.



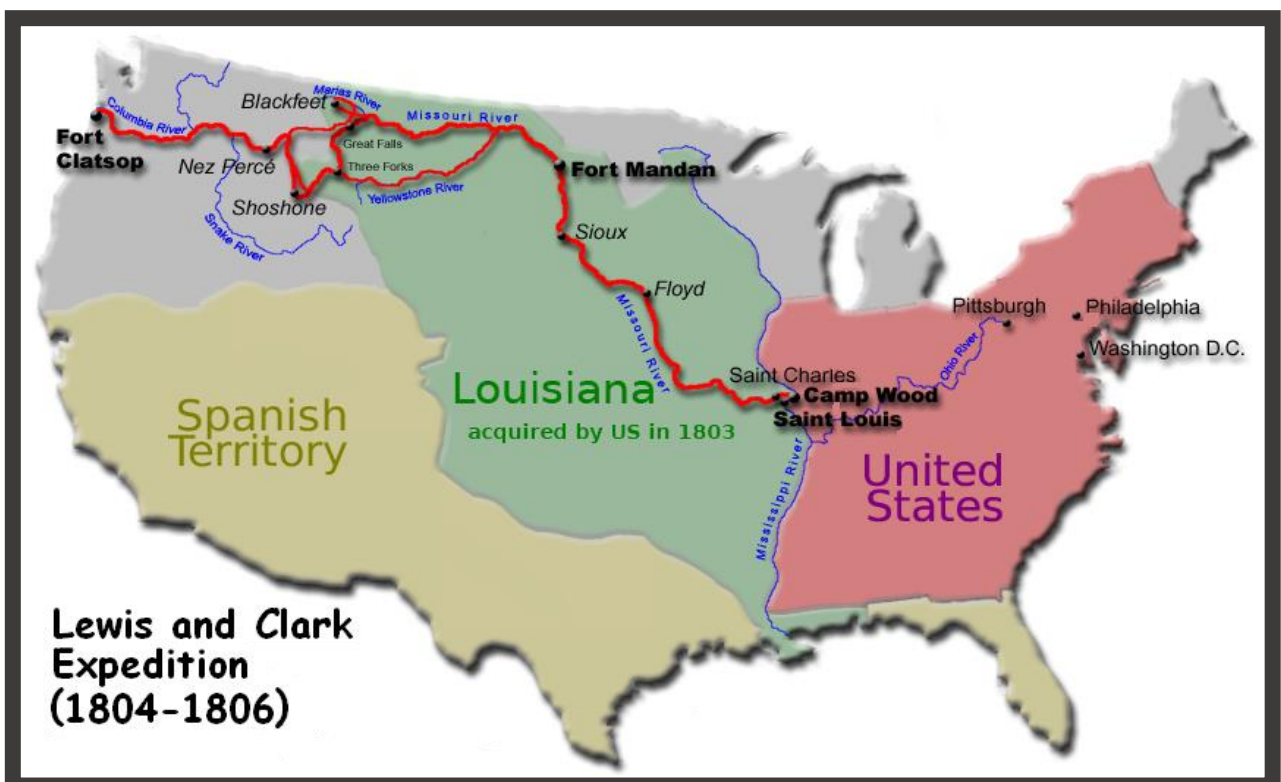
1904 portrait of Lewis.



1904 portrait of Clark.



2000 portrait of Sacagawea.





Anna -
 Best wishes to your
 future and stay
 strong in the field of
 Native Americans ! :)
 Randy 'L Teton
 7/01

Peter Jones, author, with Randy 'L Teton, model for the Sacagawea Dollar. The paper I am holding in my right hand is reproduced above. My wife, Ann, is a Native American collector, so it is addressed to her. The four marks to the right of her signature represent track marks associated with her tribe.

Sir Alexander Mackenzie was the first European to lead an expedition to the Canadian Pacific (1789–1793). Thereafter, in 1803, Jefferson bought French Louisiana for \$15 million, as Napoleon was short of cash. Even before he doubled the size of the U.S., he had Congress appropriate \$2,500 for an expedition west. The idea of the expedition was scientific- to study botany, geography, Indian tribes, wildlife, check out British and French settlers and, especially, to see if there was a river route that traversed the continent.

Jefferson appointed his secretary, Captain Meriwether Lewis, as leader of the expedition. William Clark was an old friend of Lewis, having previously served under him in an Indian campaign. Clark was a second lieutenant at the onset of the expedition but because of bureaucratic delays, he was not promoted to captain. Nevertheless, Lewis addressed him as captain and insisted he was co-leader.

Lewis' expedition, formally known as the 'Corps of Discovery,' left Pittsburgh in August, 1803. It took ten weeks to descend the Ohio River to Camp Dubois, Illinois where about 45 men overwintered and trained until May, 1804. They then met up with Lewis in a 55-foot keelboat and two dugout canoes. Together, they started up the Missouri River from Saint Charles, Missouri. La Charrette, 50 miles west, was the last white settlement on the Missouri River at the time.

By August, the expedition reached the Great Plains in Sioux territory. The Great Plains was bison country. The Sioux were hostile, demanding the boat as a bribe to pass through their territory. After 1600 miles of travel, they overwintered with the Mandan tribe, where they built a fort (near present day Bismark, ND). They also met a French-Canadian trapper, Toussaint Charbonneau, whose teenage Shoshone wife, Sacagawea, translated for and guided the expedition.

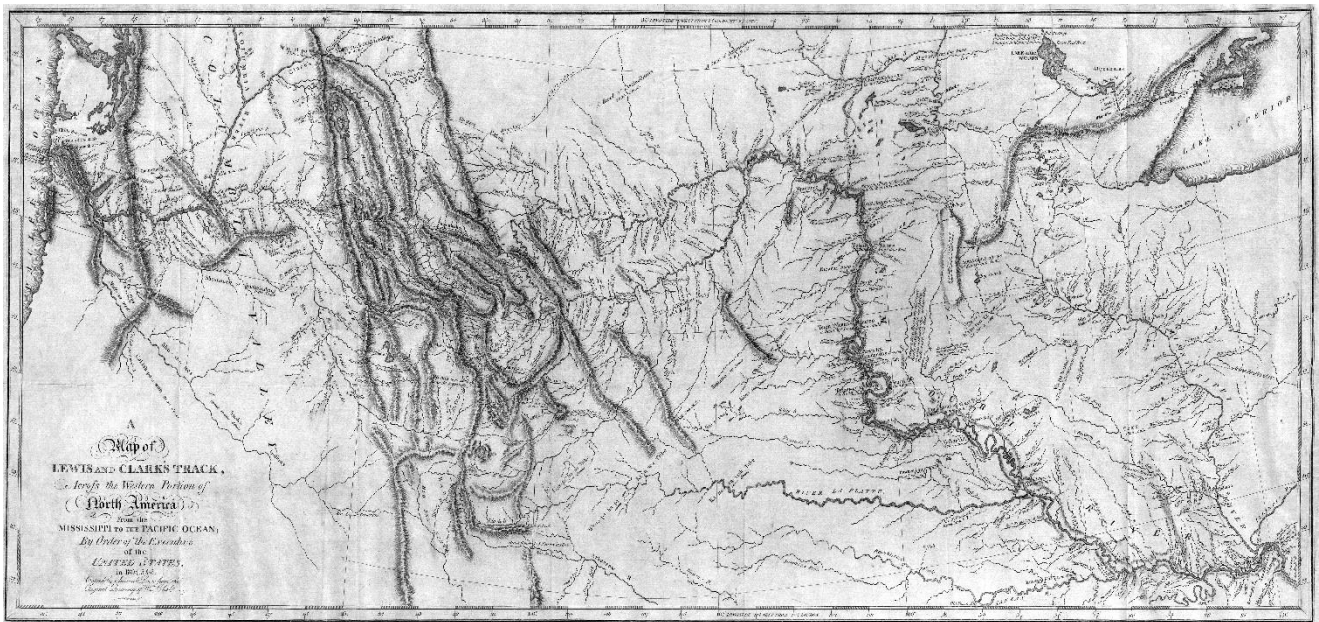
In April, 1805 part of the expedition returned with reports and botanical, zoological and geological specimens. The remaining expedition continued west, up the Missouri River. They then bought horses from the Shoshone Indians and rode over the continental divide at Lemhi Pass. In August, 1805 on the other side of the divide, they crossed the Rockies with a guide. By September, 1805 they found the Clearwater River, Snake River and Columbia River. After 4,000 miles, in November, 1805 they finally reached the Pacific. They overwintered on the southern bank of the Columbia River in present day Astoria, Oregon, where they built Fort Clatsop. It seems reasonable now to follow a river west to its origin, then cross over the Continental Divide to find a river draining into the Pacific. But, at that time, the explorers had not appreciated this geographic point and thought there might have been a navigable body of water stretching all the way from east to west.

The return journey east began in March 1806, with dug-out canoes soon abandoned as too cumbersome for portage. In July, after crossing the continental divide, the expedition split into two groups. Lewis' group of four explored the Marias River and met some cordial Blackfeet Indians, who tried to steal their arms, which resulted in two Native American deaths. Lewis' group fled for 100 miles before they camped again. Meanwhile, Clark's group explored the Yellowstone River and then entered Crow territory, where they lost half their horses to Crow thieves. In August, Lewis and Clark met at the junction of the Yellowstone and Missouri Rivers. One of Clark's hunters mistook Lewis for an elk, shooting him in the thigh.

The expedition members, all heroes at the time to Americans (but not to Native Americans), reached home in St. Louis, Missouri in September, 1806. They mapped the rivers, described 178 plants, described 122 animals and initiated relationships with Native Americans. America was now entranced with the West and politicians started to think about Oregon territories as becoming part of the U.S. But after the expedition, it was clear there was no waterway from east to west. The water to the west of the continental divide flowed into the Pacific Ocean and the waters to its east flowed into the Atlantic Ocean. Lewis also discovered that the Great Plains were too dry to farm and that the plains Indians were hostile and would block settlement and trade.



‘Westward Journey’ nickels 2004-6 from circulation. Left: 55-foot keelboat used on Lewis and Clark’s expedition; right: Clark wrote in his journal, “Ocean (sic) in view! O! The Joy!” upon seeing the Pacific.



Lewis and Clark’s famous map of their expedition published in 1814, 30 x70 cm. This was copied by Samuel Lewis from William Clark’s original drawing. Nicholas Biddle of the first Bank of the United States (BUS) completed the text after Lewis’ suicide.

On return, Jefferson appointed his secretary, Lewis, first governor of Louisiana Territory. Later, Lewis speculated in land, ran into debt, made political enemies, became depressed, drank heavily and may have had neurosyphilis. While riding back to Washington in 1809 at age 35, he died mysteriously of a gunshot wound, possibly a suicide. Lewis’ friend, Clark, made the maps and drawings of the expedition and organized the publication of the diaries. He later became governor of Missouri Territory from 1813-1821 and died in St. Louis at age 68.



JT 20 Legal Tender ‘Poker Chip’ 1923, Fr 123, VF 20, Accession # 1423.

Two hundred seventy-three are known for the above variety. In 2012, 329 are estimated. There is only one Friedberg number for this type. *Paper Money Values* are \$1,750 in F, \$3,500 in VF and \$5,500 in EF; B&S number is #46. Bowers and Sunderman say several hundred have survived in uncirculated condition, but the Gengerke population census is only 273, so this seems unlikely. The note has a small red scalloped seal and is signed by Speelman and White. The face shows Andrew Jackson.

The back design of this note is what gives it its nickname. The geometric lathework around the \$10 counters are what gives it the appearance of a poker chip. Even today, one could imagine playing in Foxwoods with these. The starburst centrally radiating from the 10 with overlaying DOLLARS might also be something found in a casino. Andrew Jackson’s portrait was engraved by Alfred Sealy with the usual ‘thick lock of hair curling down onto the center front of his forehead’ according to Bowers and Sunderman. This engraving is after a famous painting of Jackson by Thomas Sully (1783-1872). It resides in the United States Senate, but lacks the curl on his forehead.

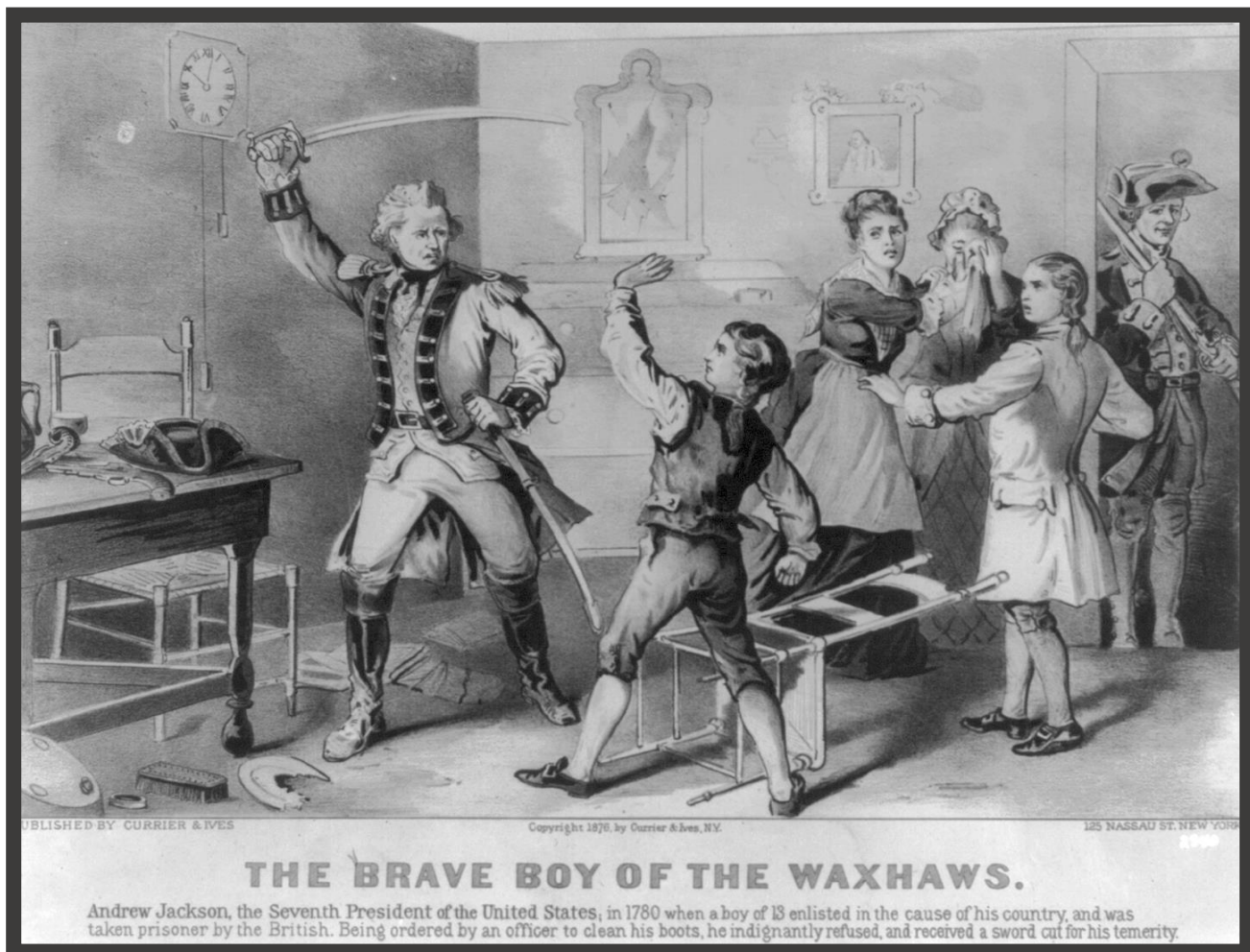
Andrew Jackson was born 1767 to Presbyterian Irish parents. His father died three weeks before his birth. He was the first president to be born in poverty and the first to come from west of the Appalachians. At age 13, he joined the patriots as an army courier, but with his brother he became a prisoner of war of the British. He caught smallpox and was released at age 14. He refused to clean a British officer’s boots for which he was slashed on the wrist and forehead by a sword. All

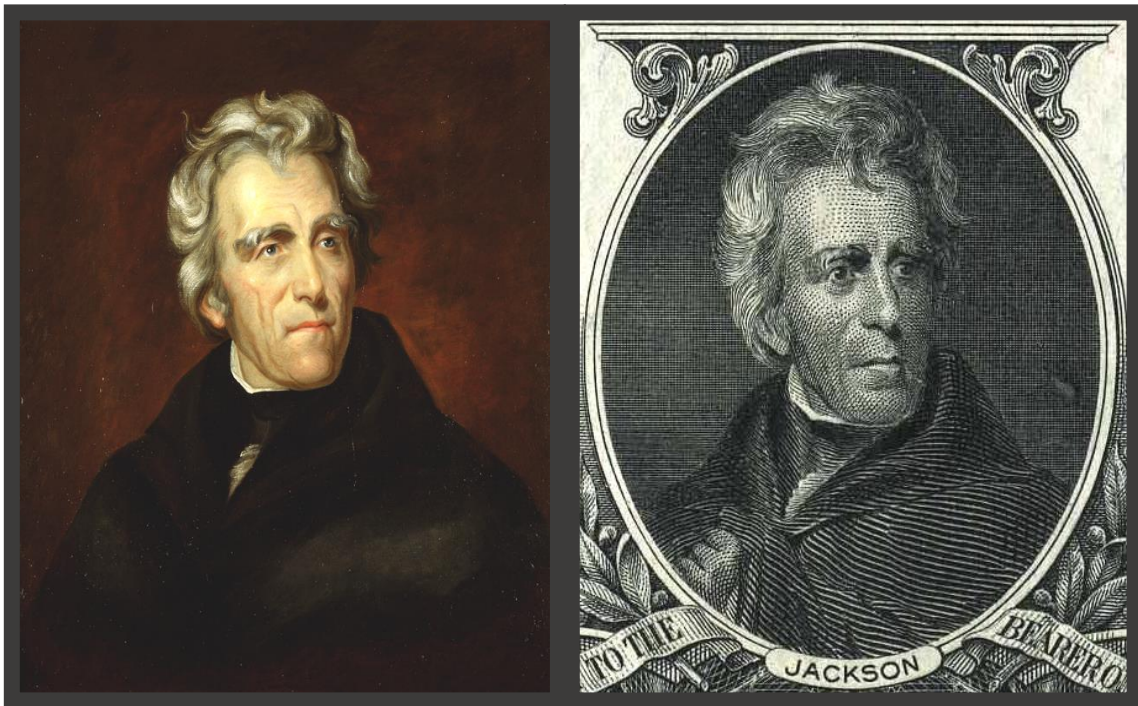
his family died during the war and he was left an orphan. At age 14, he worked as a saddle maker, then briefly as a school teacher in Waxhaws. He studied law and was admitted to the bar at age 20. Besides this, he was largely uneducated. He practiced law in Jonesboro, North Carolina, which later became Tennessee. He also joined the militia. Jackson gained a reputation for being charismatic, wild and ambitious. He loved to dance, entertain, gamble and spent much of his free time with friends in taverns.

At 21, he met Rachel Robards, daughter of a prominent original settler of Nashville. Rachel was in an unhappy marriage with a Captain Robards. The two separated in 1790 and Jackson married her shortly after. Unfortunately, her divorce was never finalized before she married Jackson, so Jackson remarried her in 1794 after the divorce was official. While practicing frontier law, he speculated in land and fell deeply into debt. He would later carry with him his prejudices against banks and paper money.

At age 29, he was elected U.S. r==epresentative from Tennessee and at age 30 he was elected senator as a Democratic-Republican. The names of the political parties in those days got quite confusing. At age 31, he resigned and became a Tennessee Supreme Court judge, a position he held until age 37. In 1804, he bought the Hermitage, which became a 1,000 acre cotton and tobacco farm worked by slaves. He owned up to 150 slaves. In 1801 at age 34 while a judge, he was made a colonel commander of the Tennessee militia.

Jackson stood 6'1" tall. He fought several duels, many over insults to his wife. In 1806, he killed Charles Dickinson in a duel after receiving a chest wound. In 1813, he was shot in a hotel brawl with Thomas Benton, a Missouri politician.





Left- Jackson by Thomas Sully; right- ‘Poker Chip’ portrait by Alfred Sealey. However you look at him, he has some of the largest eyebrows of all time!



Hard times token, HT#70 Low #51, 1837; one of a large series of tokens made during the panic of 1837.

During the 1812 war, Tecumseh, the Shawnee chieftain from Ohio, tried to unite Indian tribes to oppose white western expansion. Tecumseh persuaded the Red Stick Creek Indians of Alabama and Georgia to attack white settlements. In the Fort Mims massacre, 400 white settlers died. Jackson avenged their deaths by killing 800 Red Stick Creeks at the battle of Horseshoe Bend in 1814. He imposed upon them the Treaty of Fort Jackson, taking 20 million acres of Indian land. He was then promoted to major general; he was a talented general, inspiring both fear and devotion, and he was thoroughly prepared for battles. Also during the 1812-1814 war, he defended New Orleans against the British. Popular and tough, he was nicknamed ‘Old Hickory’ (i.e. tough as old hickory wood). In 1815, his army of 5,000 defeated a British army of 7,500 in the battle of New Orleans. British casualties were 2,037, U.S. were 71. Jackson became an overnight hero.

President Monroe ordered Jackson to lead an army against the Seminoles and Creeks in Georgia in the first Seminole War of 1817. Jackson took Florida, as the Spanish and English had been helping Indians there and Florida was a refuge for runaway slaves. Monroe's secretary of state, John Q. Adams, cleverly engineered for Spain to cede Florida to the U.S.

In 1822, Tennessee elected Jackson senator and nominated him for president in 1824. Although he received more popular and electoral votes than the three other candidates (Clay, Crawford, and John Q Adams), he failed to receive a majority of the electoral votes, which threw the election into the Whig-controlled House of Representatives. The House chose the Whig candidate John Quincy Adams. Clay had supported Adams in what Jackson called a 'corrupt bargain.' Jackson felt and said he was the 'man of the people.'

In 1825, Jackson resigned from the senate to prepare his presidential run for 1828 with the support of Calhoun, Van Buren and Ritchie. Van Buren revived the old Republican Party, renaming it the Democratic Party! Although a populist with a brave military history, Jackson was poorly educated, rough, and had trouble with grammar. He was given an honorary LL.D. from Harvard. His detractors howled with amusement about someone who could not speak grammatically correct English being given an LL.D. He was called a jackass.

Jackson made a big issue about plainness: "a plain system," "void of pomp," "the constitution as I understand it." Egotistical in speech, the satirists responded by depicting him in a general's uniform. His oratory was described as 'Roman firmness.' There was also concern that Jackson could control both treasury and army. The obverse in the image above shows him climbing out of a treasury chest holding both purse and the sword; the reverse above shows the jackass with LL.D. stamped on it. 'Roman firmness' and 'the constitution as I understand it' were added, as well as 'veto,' referring to his veto of the second Bank of the United States (BUS). Hundreds of hard times tokens were made during the panic of 1837 and are quite collectible.

During the 1828 campaign, the press revealed that Jackson had married his wife Rachel while she was still legally married to another man. Rachel died suddenly in 1828 and Jackson vowed to avenge her attackers. He easily defeated National Republican John Q. Adams. Jackson invited the general public to attend his White House inauguration. The mob became uncontrollable and wrecked the White House. Jackson was handily reelected over Clay- the opposing Whig Party candidate in 1832.

After his election, Jackson started removing bureaucrats to institute a policy of job rotation. He replaced about 20% of bureaucrats with party supporters. Although it was not his intention, this later grew into the spoils system. In 1832, he vetoed the renewal of the 1816 twenty-year charter of the second BUS. The matter had been brought up four years early for political reasons. The U.S. government held 20% of BUS stock and kept its deposits in that bank. The bank's notes were legal tender and backed by specie.

Like Jefferson, Jackson believed in an agricultural republic and felt the bank helped primarily rich easterners. To disarm the bank during its last four years, he directed Secretary of the Treasury Louis McLane to remove the funds into 'pet banks,' i.e. state banks of Jackson's supporters. McLane refused. Jackson fired him and replaced him with Duane. Duane refused. Jackson fired him and appointed Taney in his place, who obliged him. But state banking was unregulated and, after these banks printed too much unbacked money, inflation resulted. In 1836, Jackson issued the 'specie circular,' saying all government land purchases had to be with specie. This led to a run on banks, bank failures, and the panic of 1837. Jackson's detractors had started the Whig party to try to reverse these disastrous financial policies.

The depression that followed was very severe, lasting from 1837 until 1844. It led to massive unemployment and starvation. The U.S. Senate censured Jackson in 1834 for his removing funds into his pet banks, but later when the Senate had enough Jacksonians, they expunged the censure. When Jackson fired McLane and then Duane, the Senate refused to confirm Taney, as there was no precedent for cabinet members to be only 'at the will' of the president. Another Senatorial censure followed. Bill Clinton's impeachment proceedings seemed tame by comparison!



Second Bank of U.S. \$50, 1821.

By 1835, Jackson had reduced the federal debt to \$33,000, but the severe depression in 1837 fueled by Jackson's financial policies reversed this and the debt soared. Even today, political commentators facilely love to say that everything that happened during a president's term was his doing. Clearly, when Jackson left office, the terrible depression of 1837 was not Van Buren's fault. Van Buren simply inherited it (though he was a Jacksonian).

Margaret O'Neale was the daughter of a probable madame and had a baby more than nine months after her sailor husband went to sea. Her husband committed suicide and Margaret hurriedly married Secretary of War John Eaton. Vice President Calhoun's wife, Floride, led a vendetta against her. Jackson supported Margaret Eaton, though Jackson's first lady (Rachel's niece Emily) did not. Emily was not on speaking terms with Jackson for a year after. Most of Jackson's cabinet resigned, including Calhoun, over this so-called 'petticoat affair.' Jackson started to rely on a 'kitchen cabinet' of advisors instead of his cabinet secretaries, who had socially ostracized him.

Calhoun returned to South Carolina as a senator after his resignation. High tariffs on foreign goods (favored by northeastern industrialists to protect home production of goods) led to high prices in the South and West. Vice President Calhoun in 1828 said that his state could nullify the federal law calling for tariffs. In 1832, the South Carolina Congress passed a nullification ordinance. Jackson threatened military force and it reversed the ordinance.

Jackson felt strongly about manifest destiny and started ethnic cleansing of Indians. He ordered Congress to remove the Cherokees to West of the Mississippi. In 1833, Chief Justice John Marshall ruled that Georgia could not impose its laws on Cherokee land. Jackson ignored the court by saying, "John Marshal has made his decision, now let him enforce it!" Jackson made a treaty with an unauthorized group of Cherokees, which was subsequently enforced by Van Buren as the 'Trail of Tears,' which forced 20,000 Indians to travel 850 miles in the heat of the summer. Of these, about 4,000 died. All over the U.S. in the 1830s, a total of 100,000 Indians were forced to move west of the Mississippi and a total of 15,000 died. Half of this took place during Jackson's administration. The policy was Jackson's doing.

In 1837, Jackson retired to the Hermitage, dying in 1845 at age 78 of tuberculosis and heart failure. He had picked Van Buren as his successor. Fortunately, Jackson did not want a third term. Jackson's autocratic tendencies led to concern from his opponents, who called him King Andrew. He was very heavy handed, had a violent temper, brawled frequently and dueled repeatedly. He demanded absolute, unflinching loyalty from his associates. The Columbia Encyclopedia says, "He was despised as a high handed, capricious dictator by his enemies and revered as a forceful democratic leader by his followers." Partisanship was obviously as much of a religion then as it is now. Although a populist and the first Democrat, his heavy-handed financial policies led to a disastrous long depression with widespread starvation and death of the populace. His ethnic cleansing of Indians has been called one of the sorriest chapters in American history. Westerners liked Jackson and southerners strongly supported slavery.



The Hermitage, Andrew Jackson's home.



Daguerreotype of Jackson, 1844- the first president to be photographed.

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CHAPTER NINE

1863 INTEREST-BEARING NOTES

The Union government during the Civil War initially thought it would be able to get through things by issuing bonds or interest-bearing notes. There are five types of interest-bearing notes:

- Three-year notes from Acts of 7/17/1861, 6/30/1864, & 3/3/1865 at 7.3%, in denominations of \$50-\$5,000; 25 known of all types.
- Two-year notes from Act of 3/3/1863 at 5%, in denominations of \$50-\$5,000; 8 known of three types.
- One-year notes from Act of 3/3/1863 at 5%, in denominations of \$10-\$5,000; 68 known for \$10-\$100.
- Compound Interest Notes from Act of 3/3/1863 at 6% in denominations of \$10-\$1,000; 126 known.
- Refunding Certificates from Act of 2/26/1879 at 4% in only one denomination of \$10; 152 known.

The first authorization of interest-bearing notes was in 7/17/1861 for notes of not less than \$50 with 7.3% interest, i.e. two cents per day on a \$10 note. It was not intended that these notes circulate widely because they were payable to the order (the note could only be cashed by the person named on the note, rather like a check) and not to the bearer (the note could be cashed by anyone). These notes had five coupons for semiannual interest payments. The last payment was obtained by surrendering the note. Today, only 25 three-year certificates of all varieties are known.

Although the first authorization act was in 1861, for practical purposes these notes never circulated and even today many are unknown or are unique proofs. The real act that started circulating interest-bearing notes was that of 3/3/1863. By 1865, interest-bearing notes amounted to 30% of circulating paper. By 1868, all were redeemable with interest so that by about 1870 virtually all had been redeemed. Thus, these notes are now major rarities. The only common notes (if they can be called that) are the \$10 Compound Interest Notes representing the Civil War era and the \$10 Refunding Certificate of 1879. Most are rare because they were investments that were all cashed in.

Albert A. Grinnell was the first person to assemble a complete collection of large size and small size United States currency. Grinnell started his collection with notes from 1861 and not from 1812. Modern collectors follow his footsteps in ignoring the 1812 Treasury Notes that are rare anyway. Grinnell's collection sold in 1944-6 in seven auction catalogues. They were reprinted as a book of about 700 pages in 1971. The collection was sold before Friedberg did his catalog and numbering system. There were no serial numbers in the Grinnell catalogue, so it is difficult to know whether one has a Grinnell piece. The collection sold for \$240,000. Today it would probably sell for over \$50 million.

The Refunding Certificates were listed as currency because Grinnell, who probably had the largest collection ever of U.S. paper money, included the Refunding Certificate. The Treasury considers them circulating bearer bonds and not currency. The Type 1 has a place for the bearer's name but only two are known. The Type 2, of which 200 are known, has no line for the bearer's name. These were issued at 4% in perpetuity but this was stopped in 1907 when the \$10 certificate was worth \$21.30. Some are printed on the same blue stained paper as rainbow notes, which makes them much more attractive.

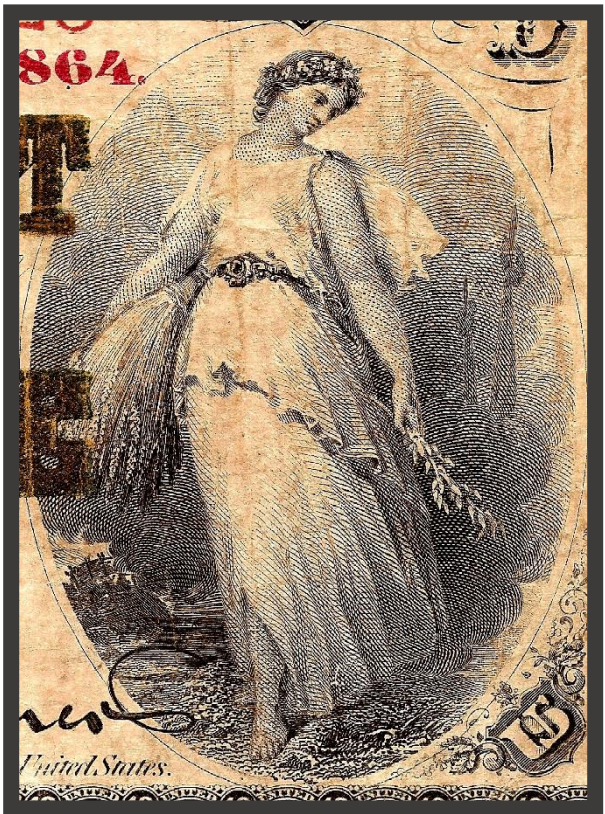
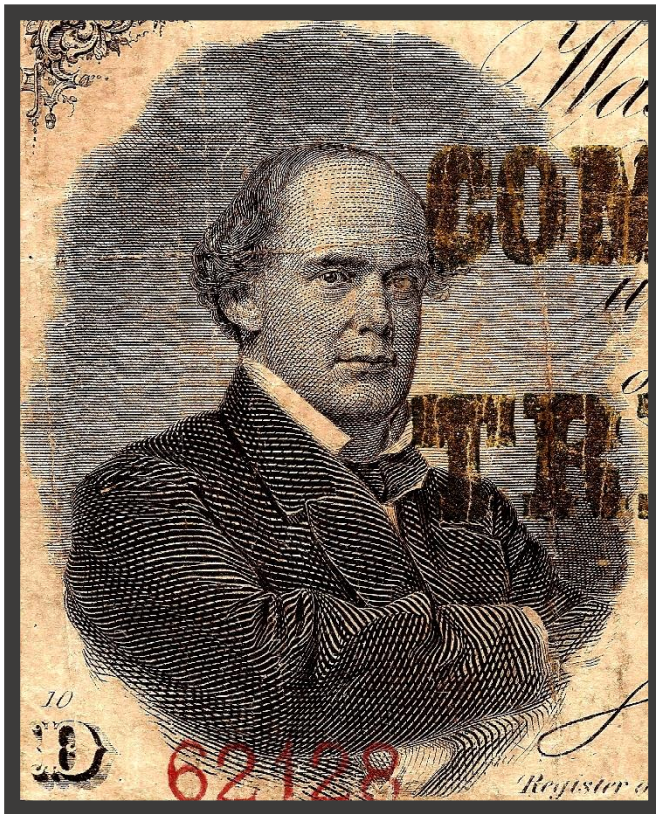
The \$10 Compound Interest Note is common enough to be available. The portrait is of Salmon P. Chase. In the center is the 'Eagle of the Capitol'- the same eagle as the 'Black Eagle' of the \$1 Silver Certificate. The bronze overprint was done the same way as fractional currency notes- with glue and then with a dusting with bronze powder applied- a very messy process but yet another device to prevent counterfeiting. Of the 677,940 issued, only 2,171 remain unredeemed today, and of those only 91 are known. In 2012, 101 are estimated, with 139 for the type. Values are \$4,000 in F, \$6,500 in VF and \$14,000 in EF. B&S #68. The note has a small, spiked red seal and is signed by Colby and Spinner. The vignette of Salmon Chase was engraved by Charles Burt.



JT 21 Compound Interest Treasury Note 1864, Fr 190 b, PMG 20 Net, Accession # 1513.

The vignette on the right is of a female carrying a sheath of corn in her right arm and a branch in her left arm. She is wearing a wreath of flowers, is barefoot and is looking forlornly to her left. She is presumably an allegory of agriculture, but she looks down. The theory of neuro-linguistic programming assigns different feelings to different eye positions and would suggest that she is pessimistic.

The eagle was designed after the 'Eagle of the Capitol.' The sculpture of *Liberty and the Eagle*, 1817-1819, was done by Enrico Causici in plaster. The group stands in a niche that was originally above the speaker's desk when the House of Representatives met in this space. The scroll in Liberty's right hand is the constitution. The American eagle sits to her right and a serpent wrapped around a column is to her left. The serpent symbolizes wisdom.



Vignettes on \$10 Compound Interest Note. Left: Salmon Chase, right: Agriculture.



Eagle of the Capitol. Left: \$10 Compound Interest Note, Right: *Liberty and the Eagle*.

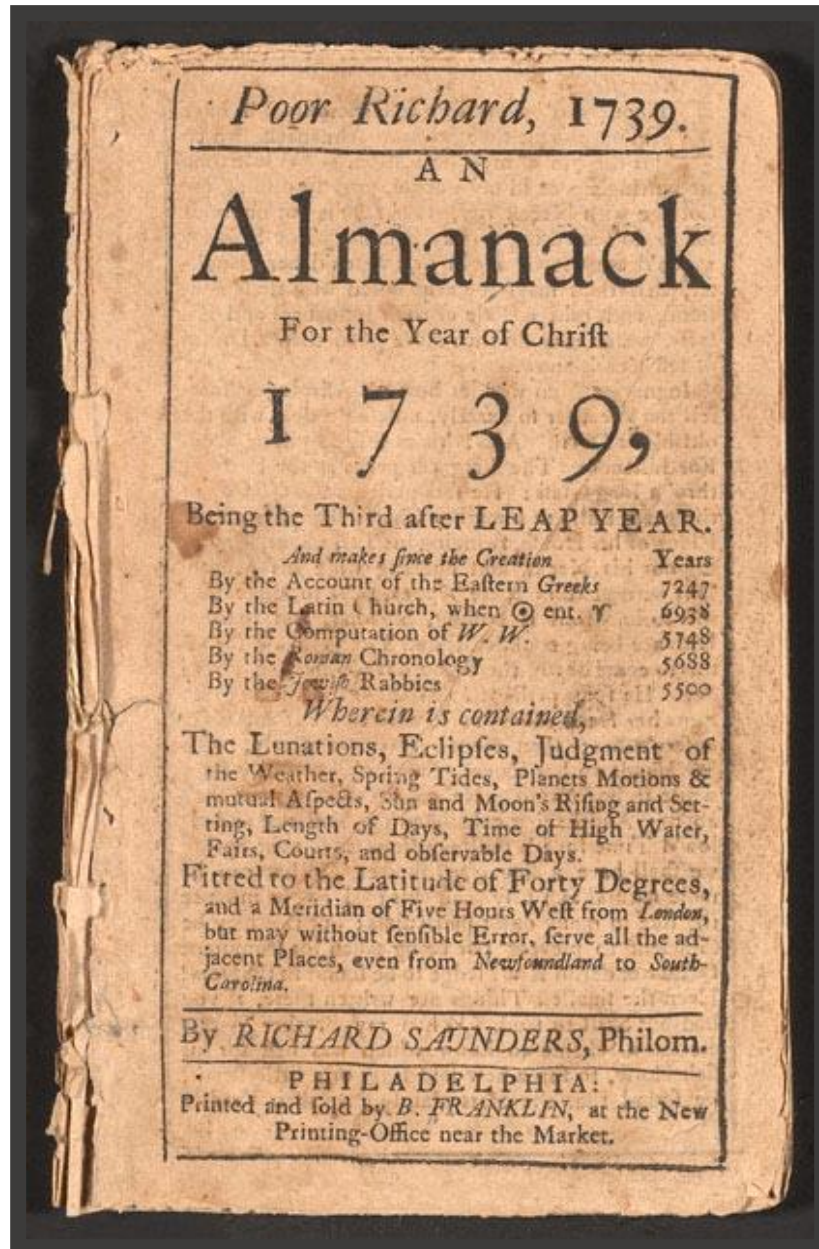


JT 22 Refunding Certificate 1879, Fr 214, EF 45, Accession # 1491.

One hundred forty-three are known for this variety. In 2012, 151 are estimated. Values are \$2,000 in F, \$4,000 in VF and \$5,500 in EF. Notice the blue paper like the Rainbow Notes showing on only one side. For the Type 1 notes with a line for the purchaser's name, Gengerke says there is one known, which would expand the 2012 estimated type census to 152! Friedberg says two Type 1s are known; all the rest are Type 2 notes. These notes were made to popularize government securities. The note has a small red wavy seal and is signed by Gilfillan and Scofield. The engraving of Franklin is by Charles Burt after the Duplessis painting.

It is possible that Franklin was placed on the note as a wise man who advocated saving. Some of his aphorisms in *Poor Richard's Almanac* (which was often the only book in the colonial house) were "\$100 earned, \$99 spent equals happiness; \$100 earned, \$101 spent equals bankruptcy; time is money; early to bed, early to rise, makes a man healthy, wealthy and wise; sloth makes all things difficult, but industry all easy; there are no gains without pain; mind your business;

a small leak will sink a great ship; for age and want, save while you may, no morning sun lasts a whole day; nothing is certain except death and taxes.” Many of these homilies were published in a small book by Franklin, *The Way to Wealth*, basically saying save, work hard and cultivate your business, do not get into debt and do not live above your means: “A plowman on his feet is higher than a gentleman on his knees.”



Benjamin Franklin (1706–1790) was a founding father, polymath, printer, author, statesman, philanthropist, scientist and inventor. He taught himself French, Italian, Spanish and Latin. He invented the lightning rod, bifocals, the potbelly stove, a carriage odometer, a flexible urinary catheter and an automated glass harmonica. He started the first American public lending library, the first fire department in Pennsylvania, the first hospital in America, the University of Pennsylvania and the American Philosophical Society. More than anyone, he invented the idea of the American nation. His protestant ethic, humanism and enlightenment were part of the birth of American freedom and capitalism. Franklin was a friend of the Scottish philosopher Adam Smith; Dr. Simon N. Patten claims that Franklin was the one who urged Smith to write his economic treatise, *Wealth of Nations*. Franklin was the first American to write a self-help book, *The Way to Wealth*.

Franklin pushed the ideas of hard work, thrift, education and self-government rather than authoritarianism, science and abolition. His father was born in England and immigrated in 1683 to Boston where he was a tallow chandler. Following the death of his first wife, Franklin married Abiah Folger, who was born in Nantucket. After only two years of schooling, he became an avid reader and at age 12 was apprenticed to his brother James, a printer. At 17, Franklin's brother James became upset with him because he was corresponding with the newspaper under a pseudonym.

Benjamin then ran away to Philadelphia. There, Pennsylvania Governor Sir William Keith chanced upon a letter written by Franklin. Keith was impressed and promised Franklin he would pay to set him up with a newspaper in London. But Keith, unbeknownst to Franklin, was famous for his empty promises. Franklin worked as a compositor in London until returning to America at age 20 to work for the merchant Denham. On the voyage home, he wrote his own guide to life that enumerated principles he would live by: industry, sobriety, chastity and others. It is debatable how much he stuck to the chastity principle.

At age 21, he created the Junto- a self-help group that created a subscription library because books were so expensive. This was perhaps the first of the modern self-help movements. The Junto became the American Philosophical Society. At 24, Franklin started his own printery, publishing *The Pennsylvania Gazette*. He became a freemason at 25 and by 28 was a Grand Master. At age 27, he published *Poor Richard's Almanac*, which sold 10,000 copies a year.

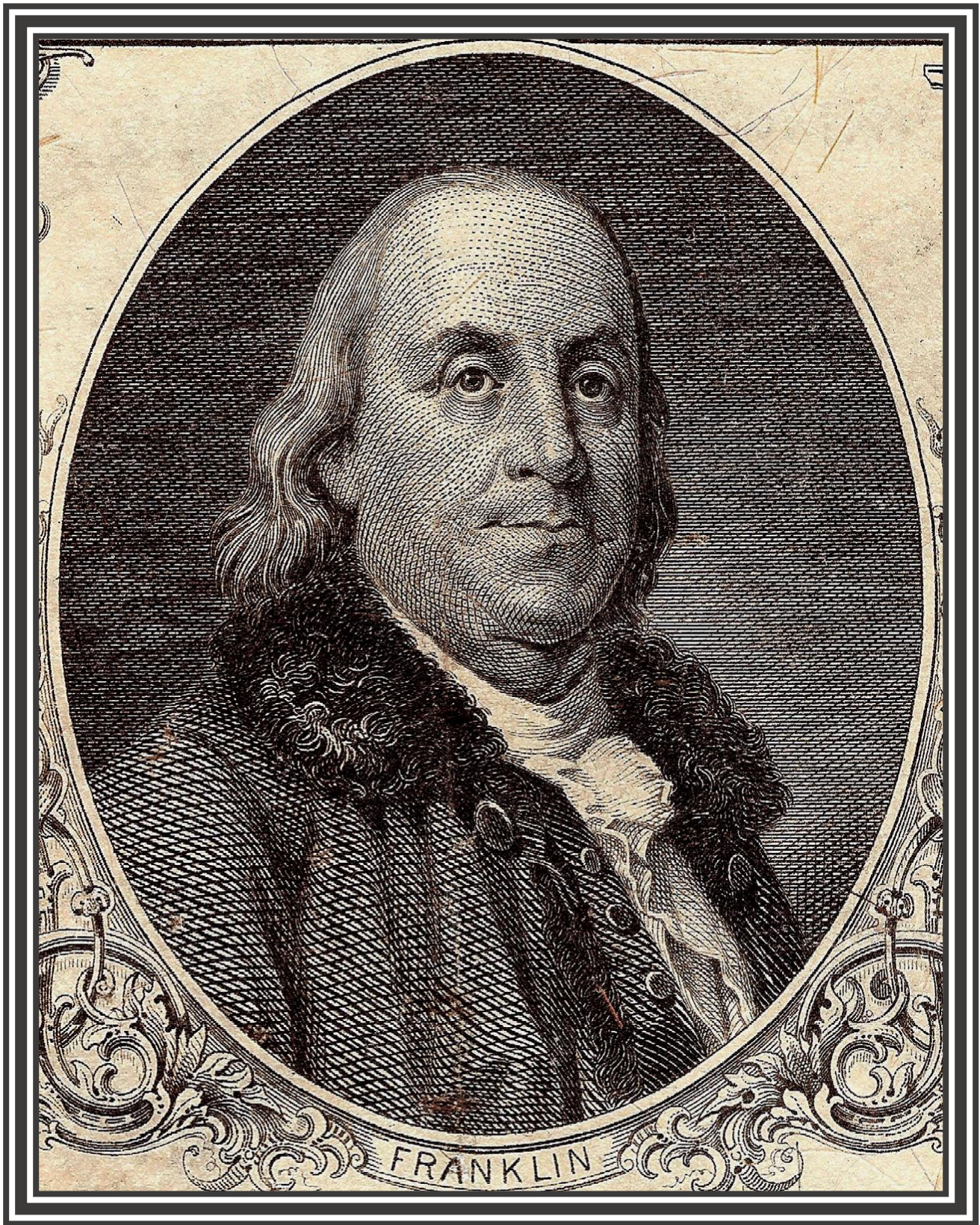
Franklin courted Deborah Read while he was a boarder in her home in Philadelphia at age 17, but she married another man who ultimately became bankrupt and fled to Barbados. Franklin had an illegitimate son, William, either with her or a 'low woman.' William later became a loyalist, which Benjamin was never able to forgive. William would eventually settle in England. After Deborah's husband had fled the country, Benjamin at the age of 24 lived with her in a common law marriage from 1730. Their first child, Francis, died at age 4 of smallpox; the second, Sally, married but remained very close to her father. Deborah had a phobia of sea travel, so never voyaged with Benjamin. She died of a stroke in 1774 at age 66 while Franklin was in England.

Franklin worked with his cousin Timothy Folger, a Nantucket whaler captain, on charting the oceans and the Gulf Stream and showing sailors how they could gain two weeks in sailing time. Franklin became a scientific researcher, especially into electricity. At age 42, he retired from his lucrative printery by forming a partnership with his foremen David Hall that yielded him half the profits for 18 years. Hall later took on Sellers as a partner, with whom he printed Continental Currency.

Franklin was the first to label electricity by positive and negative charges and showed that lightening and cloud charges were electricity. He received the Royal Society's Copley medal at age 47 and was later elected fellow. Franklin also demonstrated and described evaporative cooling, which would later lead to refrigeration. He wrote papers on climatology, including waterspouts and whirlwinds. He showed that storms did not always move in the direction of the wind. He also played the violin, guitar and harp and wrote a string quartet. He was an avid chess player and invented a glass harmonica, the Franklin stove and bifocal spectacles.

At age 30, he printed New Jersey currency. He invented anti-counterfeiting devices that he incorporated into his currency printing, including in 1739 nature prints, secret border cut signs and marbled paper. He devised the emblems and mottos for Continental Currency from Dr. Joachim Camerarius' book in his library. Camerarius was a classical scholar who taught at Leipzig in the 1500's and published many works, including one on numismatics and one on pictorial devices for illustration with Latin mottos. Franklin also designed the 'Rebus,' which was used on fractional Continental Currency notes, the Continental Dollar, and the Fugio coppers. A 'Rebus' is derived from the Latin for 'by things' and is a kind of word puzzle using pictures to represent words.

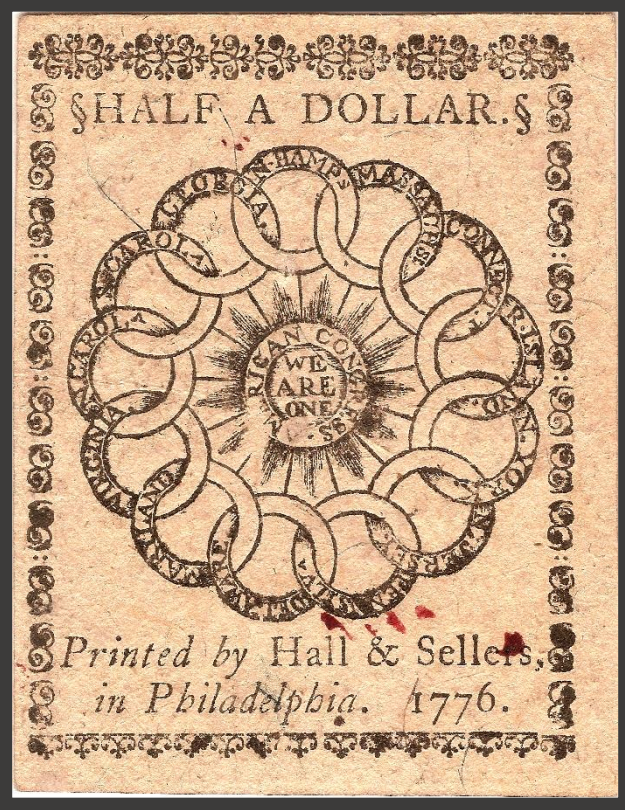
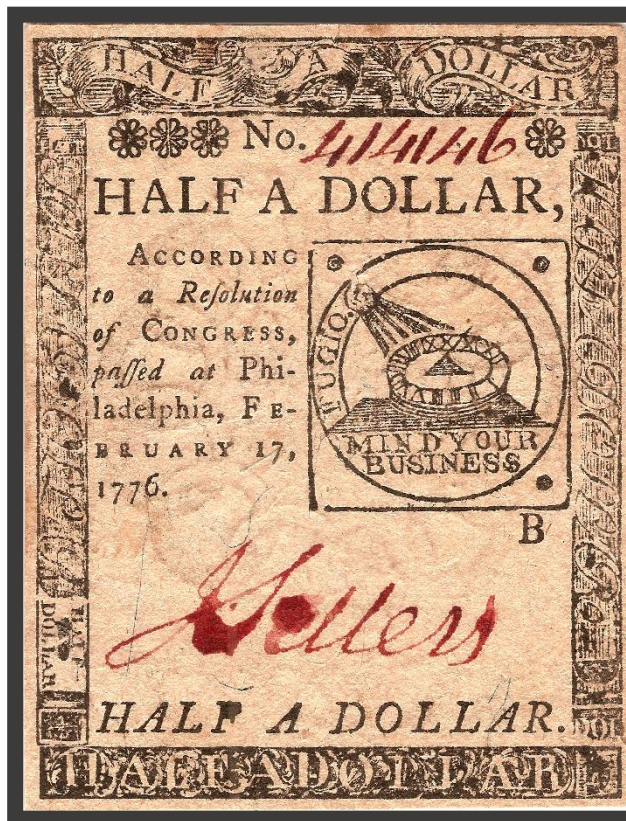
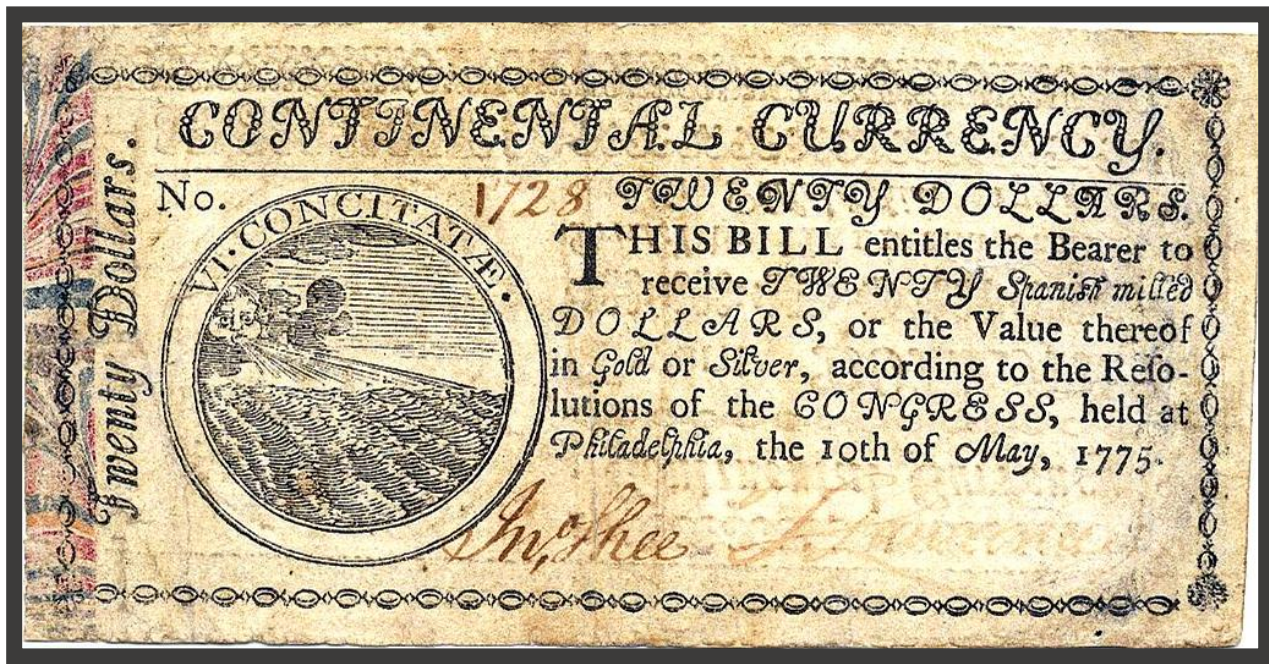
After a period of study from age 42 to 48, Franklin was asked to represent Pennsylvania diplomatically at the 1754 Albany Congress in England's war against the French and Indians (1755-1763). When the Penn family refused to pay taxes on their land to support the war, he was sent to England at age 51 to protest this, although he failed in his mission. While in London in 1757-1762, he secured the post of colonial governor of New Jersey for his son, William.



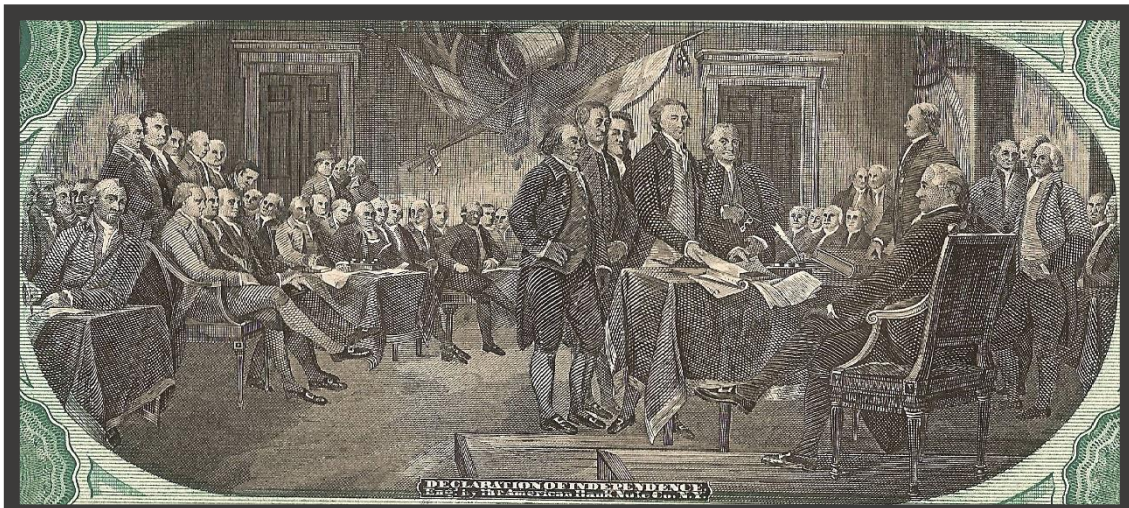
Detail of Benjamin Franklin vignette by Charles Burt from 1879 Refunding Certificate.



Franklin, while he was in Paris in 1776-1785, by Jean Baptiste Greuze. Note similarity to Refunding Certificate.



On the top is Franklin's marbled Continental Currency note of 1775. On the bottom is a fractional Continental Currency note with the 'Rebus,' the sundial with FUGIO around the periphery, signifying that time flies.



Top: back of \$100 First Charter National. Bottom: Trumbull's *Declaration of Independence* commissioned 1817.

Thomas Jefferson is seen presenting the Declaration of Independence before John Hancock, president of the Continental Congress. From left to right stand the other members of the committee that created the draft, John Adams, Roger Sherman, Robert Livingston, and Benjamin Franklin.

Benjamin returned in 1763 to defuse the Pontiac rebellion. This rebellion involved settlers attacking Philadelphia to protest insufficient help against Indian raids. In 1764, Franklin miscalculated in pushing change from a proprietary government under the Penn family to a royal government. Franklin lost his seat on the Pennsylvania Assembly but was sent back to England to protest the Penn proprietorship again.

In 1766, Franklin successfully argued against the Stamp Act in the House of Commons. In 1767, he traveled in France as a celebrity scientist. In 1771, while traveling in Ireland, he was struck by the poverty associated with England's colonial exploitation. He got hold of private letters of the colonial governor of Massachusetts showing that England was going to abbreviate Boston's rights and sent these letters to America. The British realized Franklin was an agitator. He was called before the Privy Council, where he was railed against and ridiculed. He had entered the Privy Council that day as a loyal British subject. He left the same day as a revolutionary. Shortly after, in 1775, he left England forever to avoid arrest.

Back again in Philadelphia, Franklin was made Pennsylvania delegate to the Continental Congress and was appointed to the Committee of Five that drafted the Declaration of Independence. Trumbull's painting is often called the *Signing of the Declaration of Independence*. However, this is not accurate. In fact, it depicts the Committee of Five presenting their work to the Continental Congress. Franklin is on the right of the five men standing in front of the desk. The others from the left are John Adams, Roger Sherman, Robert Livingston, and Thomas Jefferson.

He was then sent as U.S. ambassador to France, where he stayed from 1776 to 1785 and became a great favorite of French society, living in the Paris suburbs. He was the Grand Master of the local Freemason lodge. With John Jay and John Adams, he signed the treaty of Paris in 1783. Although he favored liberalism in France, he was against violent revolution.

In 1785, he was finally allowed to return home and was second only to George Washington as champion of American Independence. He was elected president (equivalent to modern governor) of Pennsylvania until 1788, at which time he was too old to participate actively. He was the only founding father to have signed the Declaration of Independence, the Treaty of Paris, the Treaty of Alliance with France and the U.S. Constitution.

Franklin became disillusioned with organized religion and adhered to Deism throughout much of his life. In 1725, he wrote *A Dissertation on Liberty and Necessity, Pleasure and Pain*. He felt that virtue and benevolence trumped religious dogma and religious obedience. He died of a lung abscess at 84. His will specified that his tombstone should read simply 'Benjamin and Deborah Franklin.'

Although Franklin obtained the post of colonial governor of New Jersey for his son William, after Franklin became a revolutionary in 1775 his son refused to support him. He broke with his son. The two never spoke to one another again, although they may have met in Southampton on Franklin's way back from France to America in 1785.

Franklin's son William was arrested by the provincial Congress of New Jersey in 1776 and jailed as a prisoner of war until he was released in 1778. He then fled to British-occupied New York City and worked for the loyalists. As a loyalist leader, he approved the hanging without trial of patriot Joshua Huddy. The hanging was condemned by British General Clinton. In 1782, William moved to England never to return. He sent a letter to his father in 1783 in France containing the oath of office as secretary to the commissioners to conclude peace with Great Britain. He is said to have reconciled with his father through a letter sent in 1784. He sent a series of letters to him that suggests that he visited his father in France in 1784, but Benjamin wrote his autobiography between 1771 and 1788 and never directly mentioned his son.

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CHAPTER TEN

HISTORY OF SILVER FROM CIVIL WAR INFLATION TO ‘FREE SILVER’ AND SILVER CERTIFICATES.

The U.S. Mint started with a bimetallic standard in 1793. The ratio of the value of silver to the value of gold, however, became the subject of market fluctuations and so had to be changed. The Civil War saw an inflation of about 100% with paper money. Whenever a currency of lesser perceived value is circulated, the currency of greater value tends to be hoarded and disappear from circulation, which is called Gresham’s law: “Bad money drives out good.”

After the Civil War, there was a titanic struggle between two factions. The first was named the ‘Gold Bugs,’ a faction based on the Treasury policy of deflation, which was backed by industrialists and bankers who wanted to return to the gold standard. The second was called the inflationists- ‘Greenbackers’ and ‘Free Silverites,’ Grange movements, farmers and labor interests who later united into the Populist Party. The subject is complex and will be dealt with sequentially.

MODERN VERSUS NINETEENTH CENTURY ECONOMIC THOUGHT

The mind of modern man thinks differently from the mind of yesteryear. Today, we understand that the backing of modern U.S. currency is with the full faith and credit of the U.S. government. To insist that all modern paper money be backed by gold would seem ridiculous today. Further, we know that producing too much money leads to inflation, which creates undesirable economic consequences. On the other hand, if we produce too little money deflation occurs, which also creates undesirable economic consequences. Government must circulate just the right amount of money to oil the wheels of an economy in which low levels of inflation are acceptable.

In the nineteenth century, the mindset was different. Most people believed that money should be backed by gold, silver or both. Some were in favor of expanding the money supply (e.g. Greenbackers and Free Silverites) and others were in favor of a stable money supply (e.g. Gold Bugs, bankers, and business interests). The public was still cautious about paper money, because excessive printing of paper money during the American Revolution led to disastrous inflation.

We know today that a controlled economy has benefits. A controlled economy means fiscal (government taxes, government spending and laws) and monetary (changes in Federal Reserve discount rates, changes in Federal Reserve banking reserve ratio requirements and regulation of banking) policy. We know that financial crises generally occur when confidence in the financial system is threatened through, for example, excessive inflation or deflation, large scale Ponzi schemes or sizeable bankruptcies. On the other hand, we know that a stable economic environment means stable unemployment at 5-7%, a real increase in GDP of 2½-3% per year and controlled inflation of 1-4% per year.

We have two contrasting views in modern macroeconomics. Keynesian economists say that the economy is inherently unstable, i.e. aggregate demand and aggregate supply cannot always meet. Keynesians support government intervention to **decrease unemployment** and to stimulate the economy. Neoclassical economists believe that the economy is inherently stable, and that at times failure of aggregate demand to meet supply is associated with new systems, which will ultimately benefit long term growth. They feel that government intervention is just as likely to cause harm as to cause good. However, neoclassical economists feel that **keeping inflation under control** by monetary policy (i.e. controlled money supply) is important to reduce unemployment.

Both camps agree that there is a natural rate of unemployment and that incentives to hire and work can change this natural rate. Both believe that their system will create the best long-term growth and future prosperity for all. Keynesian low unemployment creates more growth and less drag. Neoclassical low inflation leads to better long-term investment and, thus, low unemployment. Currently, the best guess seems to be that long-term planning should be neoclassical but short-term planning (less than five to ten years) should be Keynesian.

BIMETALLISM

In 1792, Congress established a bimetallic standard at 15:1 (15 ounces of fine silver was worth one ounce of fine gold). 'Fine' means 100% silver or gold. One dollar in silver coin contained 24.06 grams of fine silver and one dollar in gold coin contained 1.60 grams of fine gold. This arrangement seemed sensible at the time, but over the years the prices of silver and gold fluctuated just as they do now, so that the ratio varied. This created an opportunity for people, especially those abroad, to exploit this changing ratio by buying and selling U.S. coins based on the intrinsic value of their bullion content rather than on their face value. Essentially, the 15:1 ratio undervalued gold and overvalued silver. On the whole, gold was hoarded or left the country and the government had a difficult time getting enough gold to mint. The result of this was that in the early days, gold seemed more valuable than silver and was hoarded.

The discovery of gold in 1828 in the southern Appalachians led to the first U.S. gold rush. This was the first time the U.S. produced enough gold for coinage. In 1834, Congress wanted to encourage the minting and circulation of gold coins, so the bimetallic standard was changed to 16:1 (16 ounces of silver was worth one ounce of gold). One dollar in silver coin was left at 24.06 grams fine silver and \$1 in gold was reduced from 1.60 to 1.50 grams fine gold. At the same time, in the 1830s imports of silver, especially from Mexico, increased the silver specie base of the U.S. At last, it seemed the U.S. had established an adequate national gold and silver coinage.

In 1837, a depression began, or panic as it was then called then, which lasted until 1843. In 1832, Democratic President Andrew Jackson had closed the second Bank of the United States and transferred money into state banks owned by his cronies- 'pet banks.' Some feel these state banks were responsible for a land speculation bubble. Jackson insisted on specie payment for land to put an end to land speculation. This exacerbated the crisis because closing the Bank of the United States prevented the U.S. government from being able to mollify the crisis.

An alternative view argues that it was mainly English specie rather than paper printed by state banks that fueled the speculative land fever during the 1837 panic. The Bank of England, unhappy with the flow of specie to the U.S., increased its deposit rate, i.e. interest rate it paid on deposits, and the U.S. money influx suddenly stopped, thereby causing the panic.

With the sudden decrease in specie available, 343 of 850 U.S. banks failed, with a loss of about \$100,000,000 of available currency. The lack of a central bank probably made things worse and everybody blamed Van Buren, Jackson's Democratic successor. In the hard times of 1837-1843, millions were starving, ill, unemployed, bankrupt or had died. It was comparable to the great depression of 1929.

In 1848, gold was discovered at Sutter's Mill in California. So much gold was produced during the ensuing gold rush that gold became overvalued and silver undervalued. By the early 1850s, silver coin had disappeared from circulation and was hoarded and even melted down for bullion. In 1851, for the first time in U.S. history, a coin was debased. The new silver three cent piece (a 'trime') had 20 rather than 24.06 grams of silver to the dollar. To address the problem further, in 1853 all U.S. minor silver coins (i.e. all coins of less than \$1 denomination) were debased to 22.4 grams rather than 24.06 grams of fine silver per dollar of coinage. Arrows were placed on all debased minor coins for two years to inform the public. Few people noticed.

CIVIL WAR INFLATION AND POST-WAR DEFLATION

The South had disastrous inflation after turning on the printing presses during the Civil War and went bankrupt. However, policies in the North were more controlled. Nevertheless, there was an enormous expansion of the money supply in the North and after the war there were many people on the leverage bandwagon- farmers with excess inventory, homeowners and warehousemen- who wanted inflation to continue so that they could pay off their loans with cheaper dollars.

During the Civil War, there was approximately 100% inflation. In 1864, \$2.50 of paper money was needed to buy a gold dollar. Subsequently, government policy was to get paper money back to parity with gold. This led to deflation and a fixed money supply until the Resumption Act of 1875 declared parity of paper money with gold by 1879: if you presented a dollar bill at the bank, you were entitled to one gold dollar. Thus, from 1862 when Legal Tender notes started until 1879, the United States was on a de facto fiat currency standard (fiat currency is whatever the government says it is). During the

period of painful deflation, the financially leveraged were paying interest payments with decreasing income for deflating assets. Of course, contemporary thinkers may feel the better solution would have been to peg the newly inflated dollar to a lower gold standard like 0.8 grams instead of 1.5 grams of gold to the paper dollar. But today we are a product of our own time and accept fiat currency. At that time, paper money was an uneasy substitute for real gold and silver.

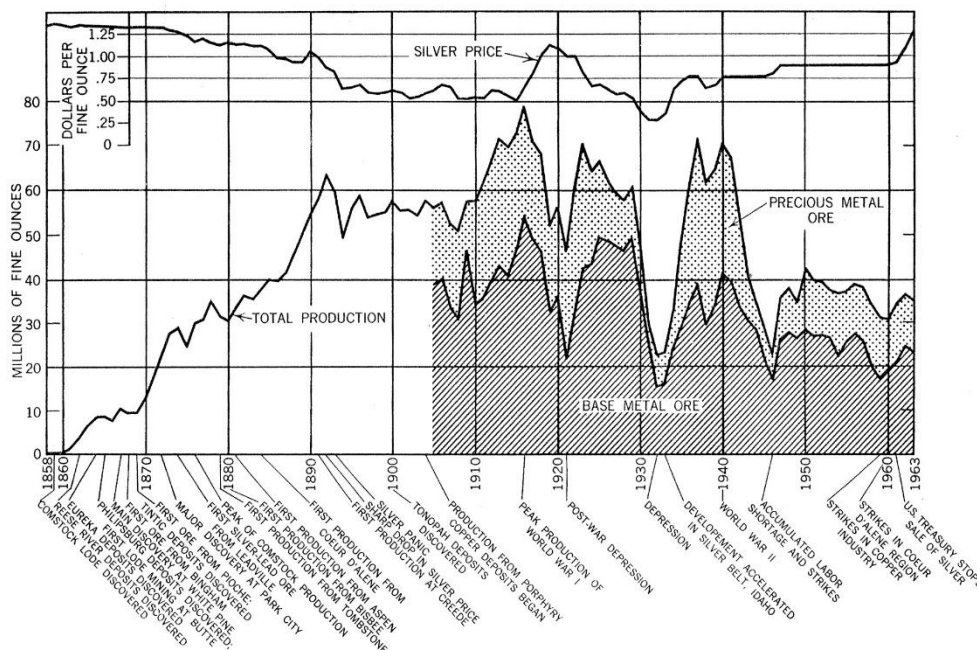
POST CIVIL WAR FACTIONS– INFLATIONISTS VERSUS DEFLATIONISTS

In 1867, the **Greenbackers movement** started. Debtor farmers, warehousemen, and homeowners wanted inflation with more greenbacks rather than deflation. But at the end of the Civil War, \$450 million greenbacks circulated without backing and their value decreased to 50 cents on the dollar. Banks then withdrew greenbacks from circulation because they favored specie. This meant that the debtors had to pay with more valuable specie rather than paper money. In 1868, the Greenbackers got Congress to leave \$346 million greenbacks in circulation. For the next 30 years, debtor groups would continue to struggle for an expanded money supply and inflation rather than to accept government deflationary policy.

Also in 1867, the **Grange movement** started as a farmer organization. By 1875, there were 800,000 members. They pioneered government control of railroad freight and passenger charges. Previously, the monopolistic railroads had ripped off farmers with high prices. The Grange established farmer-owned co-ops, grain elevator co-ops and farm machinery factories.

In 1859, the Comstock lode was discovered in Nevada, which yielded \$200 million in silver by 1870. However, initial mining of the Comstock lode was low volume surface mining. It was only in the 1870s that the price of silver finally dropped when the lode was found to be deeper and bigger and was more efficiently mined. Also in the late 1860s, more large silver deposits were found at Black Hawk Canyon, Colorado, Cottonwood Canyon, Utah, Butte, Montana and Owyhee County, Idaho.

In the early 1870s, silver was still expensive. Silversmiths paid \$1.02 in gold for a silver dollar coin when the government could only pay \$1. The government could not buy silver to mint. Business, bankers, and Ulysses S Grant, the Republican president from 1869 to 1877, were all Gold Bugs, i.e. deflationists- they wanted parity of gold and paper money and a gold standard. In 1874, Grant vetoed the Inflation Act that would have required printing of even more Legal Tender Notes to give relief from deflation.



The history of silver production and price.

With a one-dollar coin costing the government more than one dollar in gold to mint, the stage was set for the government once again to debase its coinage. In 1873, Congress stopped the issue of Seated Liberty Dollars- the only remaining undebased coin. They again put arrows by the date on minor coinage for two years. This denoted an insignificant increase from 22.4 to 22.5 grams of silver per dollar (the Seated Liberty Dollar which had been 24.06 grams was abolished). By then, silver was \$1.30 per ounce in gold dollars, so there was no way the government would mint full weight dollars anyway.

There was very little comment at the time about the silver debasement and, in any case, there was a depression in 1873 that was likely much more attention grabbing than a seemingly minor Coinage Act passed by Congress. What this meant, however, was that bimetallism was at a de facto end and banks now had to back notes by gold and not silver. By removing the full weight dollar, all remaining minor silver coinage was now debased (Incidentally, another part of the 1873 act was to create Trade Dollars. They were the only minted large silver coin but they were expressly for foreign trade only and were not allowed to be used domestically. They were slightly heavier at 24.5 grams fine silver rather than the 24.44 grams fine silver in the Mexican eight reales and later peso. The U.S. silver dollar had been 24.06 grams fine silver to the dollar. Many Trade Dollars circulated in China, where they were analyzed and certified for silver content by local bankers who then applied a 'chop mark'. Interestingly, even today a significant percentage of \$100 U.S. bills are also chop marked as they see extensive circulation abroad as a de facto international currency).

After 1873, farmers were still in a deflationary environment. To keep up with their loans they produced more grain, which further decreased grain prices. There was not enough gold to back the needed money supply. Farmers were further oppressed by the greed of the railroad barons, who scalped prices for freight, by agricultural mechanization, by increased interest rates, by decreasing prices (i.e. deflation) and by drought. Agricultural and industrial production was increasing and the money supply was decreasing. This all lead to the **Free Silverites**- people who said the cure for the ills of farmers was to expand the money supply by the free (i.e. unlimited) minting of silver. Western silver mining interests were, of course, very much in favor of this!

Meanwhile, Congress passed the Resumption Act in 1875, which said that by 1879 all notes would be guaranteed by specie and gold. As a result, the value of notes gradually rose from a low of 39 cents in specie per paper dollar in 1865 to parity in 1879. The Greenbackers, still wanting cheap paper money to repay their loans, actually formed a political party in 1876 to fight the Resumption Act. When the Resumption Act went into effect in 1879, the Greenbackers joined the Free Silverites.

By 1876, silver had dropped in price because the Comstock lode and other western mines had flooded the market. The U.S. mint could now buy a theoretical dollar coin at 24.06 grams of silver for 90 cents in gold. The price dropped further because Otto von Bismark, the Chancellor of the new German Empire, decided like Britain to adopt the gold standard. Bismark dumped 8,000 tons of silver on the world markets in the 1870s- equivalent to about 300 million silver dollars.

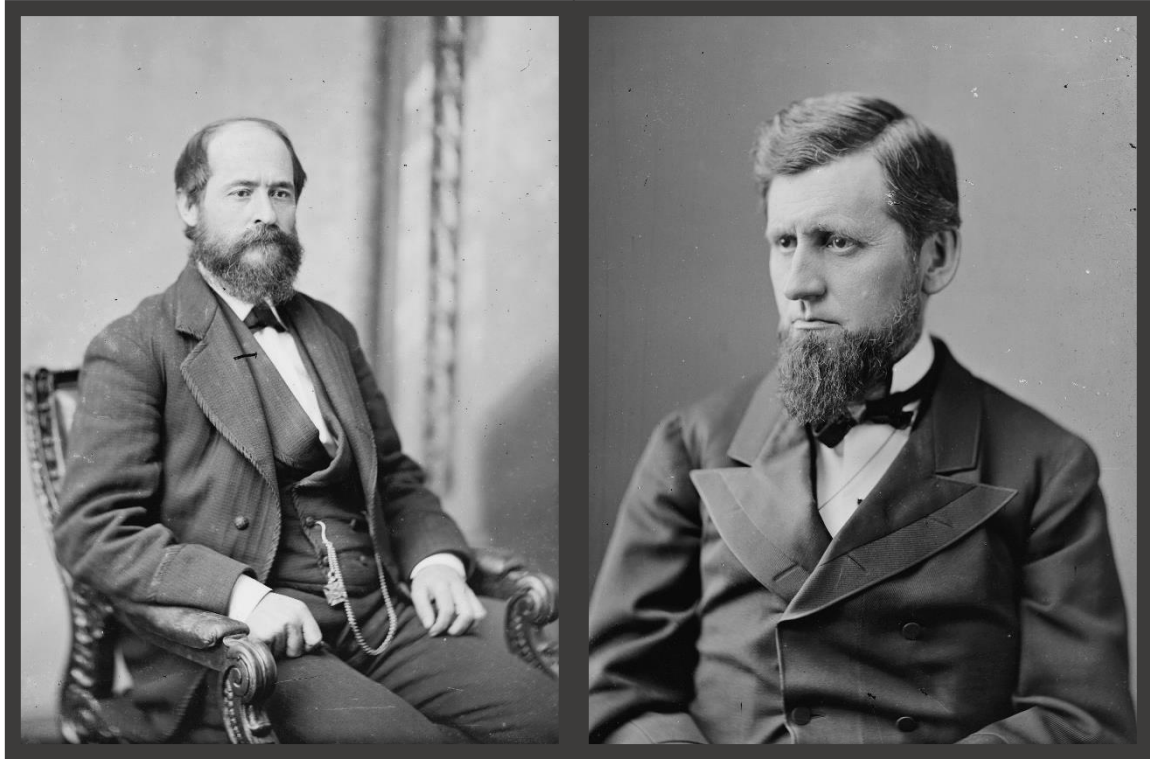
The Free Silverites were firing up. They wanted expansion of the money supply to stop deflation by minting unlimited silver dollars. It seemed like a great idea and it was supported by farmers who were in a deflationary environment. For example, a farmer might buy machinery for \$100 at 10% interest (i.e. \$10) because he could sell \$50 of grain next year. But next year, the equipment could be bought for only \$80, but the farmer still had to pay \$10 interest. Further, his grain might only have sold for \$40 that year. His net profit of \$40 fell to \$30, a drop of 25%. Big business also charged unfair prices to store or ship grain. This set the stage for farmers to join the Free Silverites.

In 1877, Republican President Rutherford Hayes was elected. He favored hard money over paper currency. In 1878 the Free Silverites succeeded, using the war cry, "the crime of 73." Democratic Congressman Dick Bland (nicknamed 'Silver Dick') initiated the Bland-Allison Act, which required the Treasury to buy unlimited silver bullion and mint Morgan Dollars at the old standard of 24.06 grams silver per dollar coin. However, when Bland's bill reached the Senate, it was modified by Republican Senator Allison to limit silver purchases to two to four million dollars per month (President Hayes vetoed the bill unsuccessfully).

The Bland-Allison Act had been opposed by the Gold Bugs- interests especially from the East like industrialists, British and Jewish bankers, railroad barons, manufacturers and the wealthy. They wanted currency backed only by gold. The

majority of the population knew that the act was a political agreement to prop up western mining interests and the silver dollar never reached the street. Fortunately, the act never really had its intended anti-deflationary effect. The Treasury never exceeded two million dollars in purchases per month and sequestered the dollars into U.S. Mint storage vaults, or subtreasuries (the precursors of Federal Reserve Banks), leading to the term 'limping bimetallism.'

Silver Certificates were first printed in 1878, backed by government silver holdings, in denominations of \$10 to \$1,000. These notes seldom circulated, as a \$10 bill might be equivalent to a \$500 bill today.



Missouri Democratic Congressmen 'Silver Dick' Bland. Iowa Republican Senator William Allison.

THE BEGINNING OF THE END OF THE FREE SILVERITES

By 1890, 253 million silver dollars had been minted. Silver dropped to 73 cents in gold per silver dollar. The **Populist Party** was formed, which united the American Federation of Labor, founded in 1886, the Grange movement, Free Silverites and the Greenbackers. Their planks were:

- Nationalize railroads, telegraph and telephone because of the owners' greed and price gouging.
- Reverse deflation by the 'free' coinage of silver. Re-monetize silver at 16:1 with gold and resume bimetallism. This meant a silver dollar of 16 times 1.5 grams, i.e. 24 grams and not 22.6 grams.
- Election of senators by popular vote. Previously, special interests like railroads or grain elevator companies had undue influence over the election of senators under the system in place.
- A new subtreasury plan proposed by Macuen- farmers would store grain in government-owned elevators and borrow at 1% against their grain and sell late during the year, when the market was higher and not only at harvest time when prices were lower. The previous situation benefitted elevator owners but this arrangement benefitted farmers.
- A graduated income tax.
- An eight-hour work day and a ban on immigrants, who were often used as strike breakers. These two planks were to appeal to townspeople, although few townspeople actually voted.



Detail of back of 'Silver Dollar Note' \$5 Grant Silver Certificate series of 1886 showing five Morgan Dollars.

The Populists also used the war cry of the “crime of 1873.” They wanted inflation- an expanded money supply. The opposing Gold Bugs favored continued deflation and no free silver coinage. The rich got richer and the poor got poorer; the number of farmers decreased. The farmers quoted Jefferson: “Farming is the backbone of America.”

Below is a proof 1873 quarter, the last with 22.4 grams to one dollar of silver. Later that year and in 1874, arrows were placed either side of the date to denote the insignificant increase to 22.5 grams to the silver dollar (half dollar below right):



Half dollar of 1873 without arrows. Half dollar of 1874 with arrows to denote change in silver content.



Left: Republican Senator John Sherman, right: J.P. Morgan, very self-conscious about his severe skin disease called rosacea, with an ugly bulbous puckered nose called rhinophyma. He is seen here threatening a photographer.

Finally in 1890, the Populists, driven by impoverished farmers who had suffered a series of droughts, influenced Republican Ohio Senator John Sherman to pass the Silver Purchase Act (Sherman was also the author of the famous Anti-Trust Act the same year to limit monopolies). Sherman was brother of General William Tecumseh Sherman; his other brother was an Ohio U.S. judge. John Sherman, nicknamed 'the Ohio icicle,' horse traded with western congressmen. Western congressmen agreed to vote for the Republican McKinley Tariff Act if eastern Gold Bugs voted for the Sherman Silver Purchase Act. The McKinley tariff taxed imports at 48.4% to try to help eastern industrialists, though it raised prices of farm equipment, further demoralizing farmers.

Although the Sherman Silver Purchase Act did not result in the unlimited coinage of silver the Populists wanted, it increased the requirements from two million to 4.5 million ounces of silver bullion per month. Congress authorized paying for it with new notes, Treasury Notes, which could be redeemed for silver or gold. However, the price of silver continued to fall because mines were producing more than the government could buy.

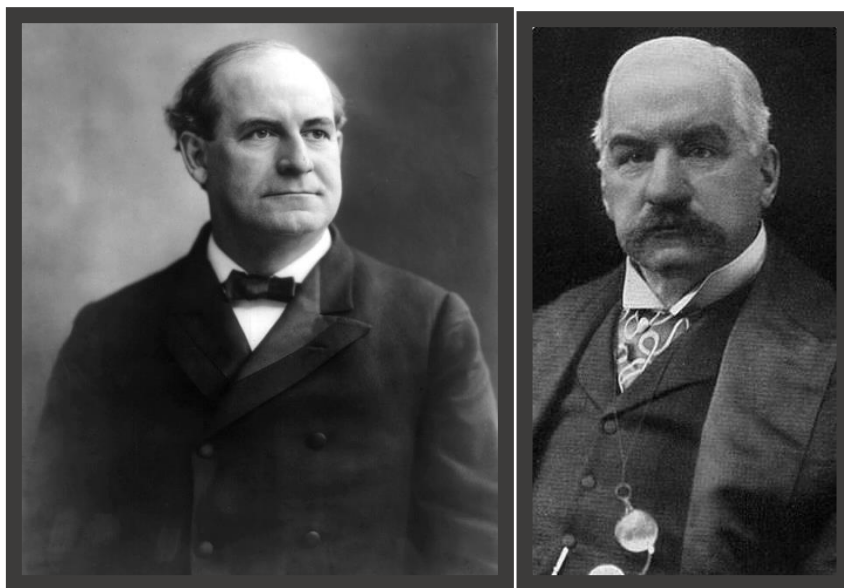
The Free Silverites had not anticipated what would happen: Americans, especially mining interests, and foreigners alike preferred gold to silver, because the intrinsic worth of silver in the silver dollar was now quite low (73 cents by 1890). Furthermore, Treasury Notes (also called Coin Notes) were redeemable in any coin- silver or gold. Thus, American citizens paid taxes in silver and Silver Certificates, not in gold, western mining interests cashed in their Treasury Notes for gold, and foreigners demanded gold dollars rather than silver dollars in payment for goods. The United States Treasury stocks of gold soon dwindled.

By 1893, Treasury gold reserves fell below the \$100 million mark. Americans and foreigners feared the government would stop gold payments and this lead to a financial panic. President Grover Cleveland summoned a special session of Congress, which decided to repeal the Sherman Silver Purchase Act because it was draining U.S. Treasury gold reserves. Actually, even before the repeal of the Silver Purchase Act in 1893, Morgan Dollar mintage had decreased (Morgan Dollars were named after the mint engraver not after J.P. Morgan). From 1878, the beginning of Morgan Dollar production, until 1892, twenty to forty million Morgan Dollars were minted per year. But in 1892, six million were minted and from 1893 to 1895 only one to three million were minted per year.

Clearly, the U.S. government could not continue paying western silver miners in gold, so Democratic President Grover Cleveland asked J.P. Morgan, the richest man in America, to buy gold for the government. Morgan used his own wealth and his financial network to form a private consortium to bail out the Treasury with \$65 million in gold. Ultimately, Morgan

did well from the deal too. However, the rescue of the Treasury with gold damaged Democratic President Cleveland and William Jennings Bryan took over as Democratic nominee for the 1896 election against Republican presidential nominee McKinley. Bryan's Democratic Party had absorbed the Populists. At the National Democratic convention in Chicago, Bryan said, "You shall not press down upon the brow of labor this crown of thorns; you shall not crucify mankind upon a cross of gold." This became known as the 'cross of gold' speech. By 1896, more gold had been found in the Klondike, which further increased money supply. 'Free silver' never really got off the ground and never halted deflation.

In 1900, President McKinley signed into law the Gold Standard Act. America was now on a legal gold standard. This put an end to the Free Silverites. Silver dollars were left at 24.06 grams fine silver per silver dollar, but the gold-silver ratio did not matter any more. In 1896, gold was found in South Africa. This, together with U.S. gold markedly expanded the gold supply through 1914, leading to 40% inflation. The U.S. was becoming more mechanized and more urbanized. In 1890, one farmer had fed 4.8 urbanites, but by 1910 one farmer fed 6.6 urbanites and urbanites had almost doubled. The economy had changed from agrarian with insufficient bullion backing of the money supply to industrial with plentiful gold backing of the money supply.



Left: 1896 and 1900 Democratic Presidential Nominee William Jennings Bryan, right: J.P. Morgan.

SILVER AFTER THE GOLD ACT OF 1900

In 1918, the Pittman Act led to the melting of 270 million silver dollars, from which the recovered bullion was sold to Britain at \$1 per ounce. This permitted the redemption of British Silver Certificates presented for exchange in India, thus ending rumors of insolvency which had been generated by the Germans. By destroying these silver dollars, the United States lost the value of these coins and had to withdraw the Silver Certificates outstanding against them. It also had to replace this value in circulation. Ultimately, the dollars that had been removed from circulation were re-coined from newly mined silver between 1921 and 1928. The U.S. Mint initially employed the old Morgan Dollar design and then started the 'Peace' Dollar design in late 1921. These silver dollars likewise resided mainly unused in vaults.

Referring back to the previous graph on silver mining, in 1920 silver reached a high of \$1.37 per ounce from speculation but then dropped to a low of \$0.24 per ounce in 1923 when silver was no longer pegged to currency. In inflation-adjusted terms, its value has trended down ever since 1900 to the present day. It is notable that the store of value for middle class families for so many generations had been the family silver. Today, a service for eight can be bought for a mere \$1,500 to \$2,000, with a bullion value of less than half that.

Year	Grams silver per \$	Grams gold per \$	Ratio	Notes
1792	24.06	1.6	15	Bimetallism. People hoarded gold or silver depending on commodity market value but mostly people hoarded gold.
1834	24.06	1.5	16	Bimetallism.
1853	24.06	1.5	16	Bimetallism. No change in major coinage.
1853 minor	22.4	1.5		Minor silver coinage debased at 22.4 but still full weight dollar at 24.06.
1873 minor	22.5	1.5		Minor silver coinage changed from 22.4 to 22.5, but still debased against old 24.06 standard. Major coinage (dollar) removed (crime of 1873). De facto gold standard.
1878	24.06	1.5	16	Major coinage (dollar) reinstated at 24.06. De facto gold standard.
1878 minor	22.5	1.5		Minor coinage still debased at 22.5.
1900	24.06	1.5	-	Gold Standard official. Gold set at \$22.67 per ounce.
1934	24.06	0.886		Private holding of gold officially ends for individuals. Paper currency backed by gold at \$35 per ounce.
Trade\$ 1873	24.5			Trade dollar use prohibited in U.S. Issued only for overseas use.

Table of weights of fine silver and fine gold in coinage and their relationships from 1792 to 1934. Silver was actually 24.06 and not 24 grams per dollar because the calculations were in grains.

The Wall Street crash of 1929 was followed by a severe depression and deflation that lasted until the Second World War. In 1933, newly elected president Franklin D. Roosevelt faced the closure of 8,000 banks. He thought the problem of deflation would go away by expanding the money supply. He could do this by printing extra paper money, so he decided to make the private holding of gold illegal, which allowed the government to hold all gold to back the paper currency he printed.

On March 9th 1933, Roosevelt published an executive order calling for a \$10,000 fine or 10 years in prison if a person kept gold coin, gold bullion, or gold certificates. In July, Secretary of the Treasury Henry Morgenthau added that there could be an exemption for rare or collectible gold, industrial, artistic, or professional use like dentistry or jewelry. In 1934, the Gold Reserve Act specified that gold was to be valued at \$35, rather than the previous \$22.67 an ounce, to encourage the public to give up as much gold as possible including jewelry. Roosevelt did not want hoarding of gold and loss of confidence in paper.

Thus, Roosevelt stopped the ability of private citizens to claim gold for their paper money. He did not take America off the gold standard as England had done in 1931. U.S. money was still backed by government held gold, though valued at \$35 and not \$22.67 per ounce of pure gold. Now, Roosevelt could print as much paper money as he wanted without worrying that citizens would hoard gold and lose confidence in paper money. Thus, in 1933 the U.S. adopted again, as it had during the Civil War, a de facto fiat paper currency. After all, Roosevelt had already revalued gold at whatever he wanted!

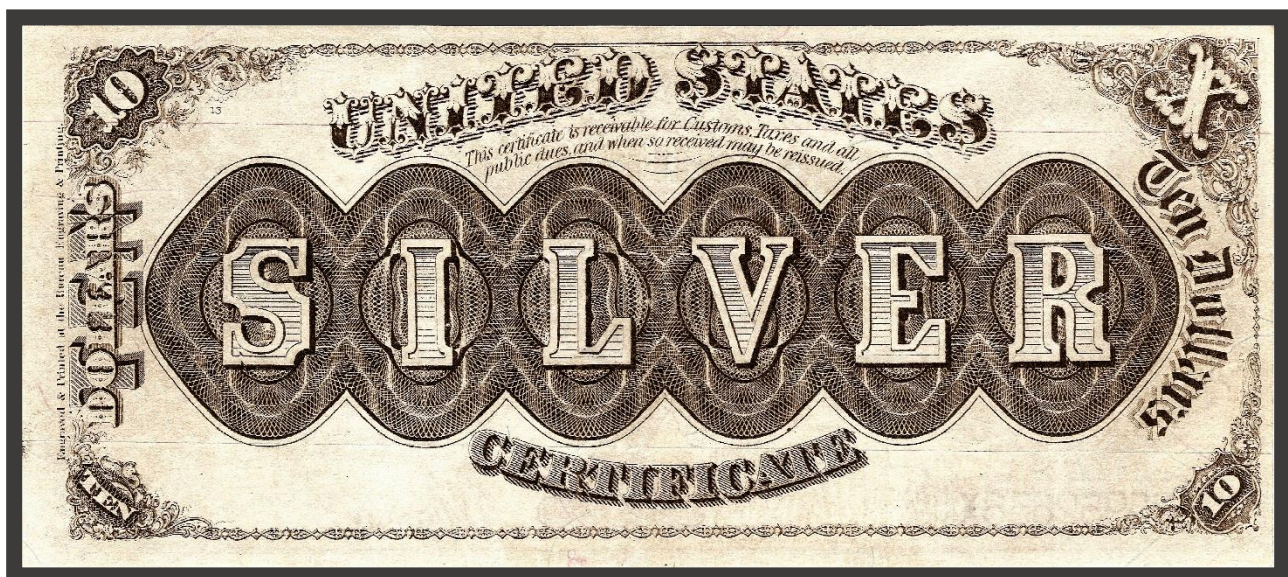
Also in 1933, the Thomas Amendment of the Agricultural Adjustment Act again allowed the government to buy subsidized silver from western miners, which lead to the coinage of additional Peace Dollars in 1934 and 1935. Silver coinage continued as a tradition only, with over \$800 million in silver coins minted in the 1930s when silver was selling on the free market for 25 to 75 cents per ounce. From 1934 to 1937, the Treasury acquired 1,600 million ounces of silver. Another 1,600 million ounces was added from 1937 to 1960.

During the Second World War, demand stimulated the U.S. economy, thus bringing an end to the depression and deflation. In 1945, the Breton Woods agreement specified that the U.S. dollar would be at a fixed ratio with other currencies, and that foreigners could redeem their currency for gold (held in the U.S.) set at \$35.03 per ounce.

SILVER CERTIFICATES

Issues of Silver Certificates are:

1. **1878 'Black Backs'** \$10 to \$1,000, and a reissue in 1880.
2. **1886 Issue** \$1 - \$1,000 with **new backs in 1891** (except for the \$2, which is a new face). All future issues \$1 to \$5 only.
3. **1896 Educational Notes** \$1, \$2 and \$5 only.
4. **1899 Replacements** for Educational \$1, \$2 and \$5 only.
5. **1923 Issue** \$1 and \$5 only.



JT 23 Morris 'Black Back' Silver Certificate series of 1880, Fr 289, AU 50, Accession # 1465.

The 1878 issues were produced from \$10 to \$1,000 denominations to cover the Bland-Allison Act Morgan Dollars. All had the large word SILVER on the back in black, not the usual green ink, hence the nickname 'Black Back.' Also, the background was brown, not green. The face reads, "This certifies that there have been deposited with the treasurer of the U.S. at Washington D.C. (other 1878 issues were domiciled to New York and San Francisco) payable at the office to the bearer on demand ____ silver dollars." All 1878 series and a few 1880 series are signed by government employees on behalf of the U.S. assistant treasurer and these notes are all rare. Signed or not, few of these notes circulated. As previously mentioned, a \$10 note was worth perhaps \$500 today. Although they were not legal tender per se, they were readily exchangeable at banks for silver dollars, which made them de facto legal tender.

One hundred fifty-three are known for the above variety. In 2012, 179 are estimated, with 391 for the type, making it a common variety. The note is signed by Bruce and Wyman and has a large brown seal at the top and a large X underneath. Paper money values are \$2,250 in F, \$3,000 in VF, \$6,000 in EF and \$13,500 in CU63. This is B&S #63. The face shows a vignette of Robert Morris engraved by Charles Schlecht.

Robert Morris was the financier of the American Revolution and the superintendent of finance for the Continental Congress. He was born in 1734 in Liverpool, England and moved to Maryland at age 13, where his father was a tobacco exporter. Robert was brilliant and was apprenticed to Charles Willings, a shipping and banking firm in Philadelphia. At 18 he became a partner, becoming increasingly wealthy. In 1765, he served on a committee of merchants to oppose the Stamp Act. His company sent out a ship on a slave trading voyage. It was unsuccessful on the first voyage and captured by French privateers on the second. Later, Morris taxed slaves even though he owned some.

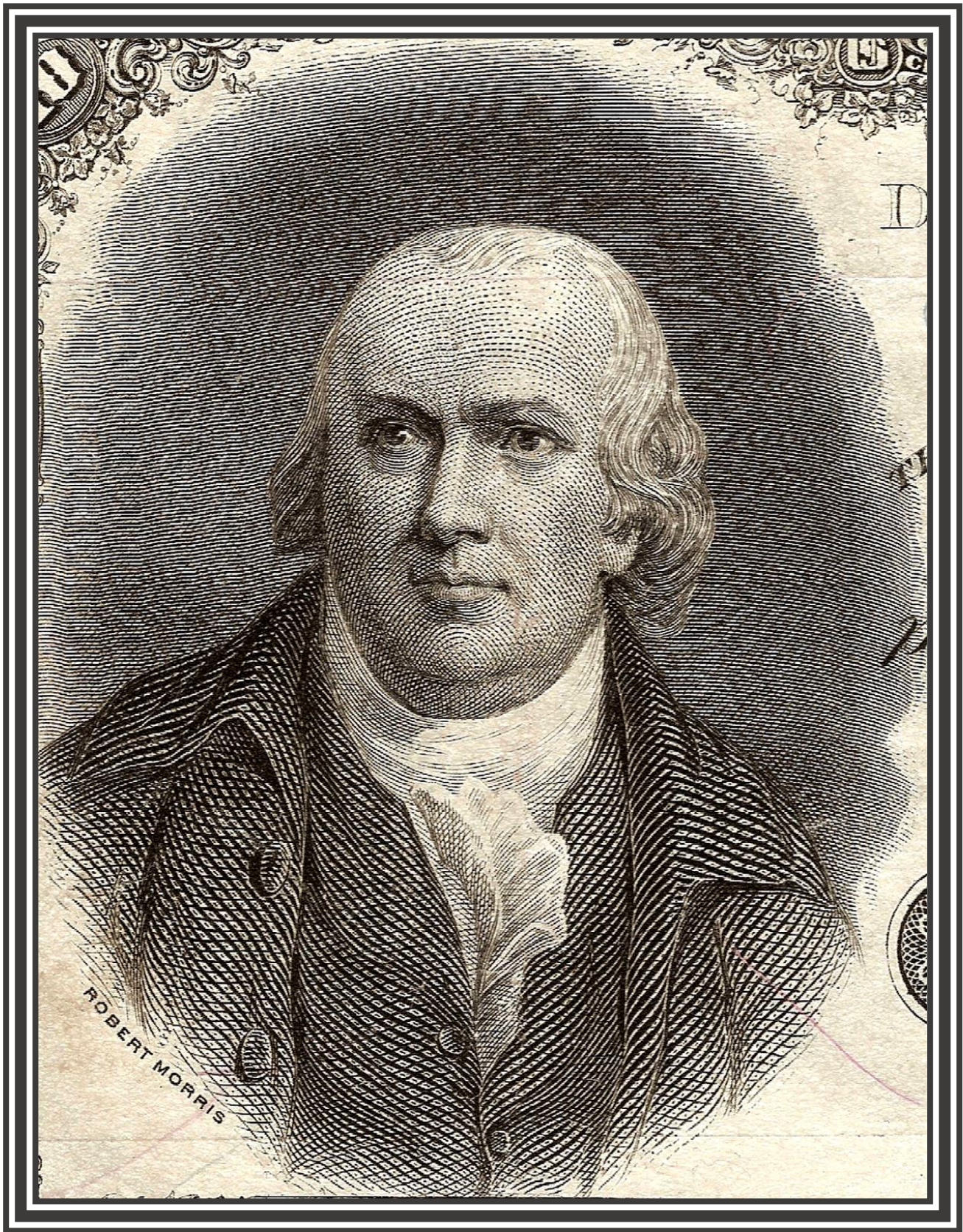
Morris was a Pennsylvania delegate to the second Continental Congress in 1775–1778 and signer of the Declaration of Independence. In 1775, his company imported arms and ammunition for the Congress. He was chairman of a secret committee to smuggle arms and ammunition from France a year before the Revolution. He sold his best ship to the Continental Congress, which became the Alfred- the first ship of the Continental Navy. Morris used his international trading network to spy on the British. He was taking big risks. He used \$10,000 of his own money to pay Washington's troops. Although he lost about 150 of his ships, his privateers seized a similar value in English ships. However, in 1779 Thomas Paine criticized him for war profiteering and his reputation never recovered. Such were the vicissitudes of politics– the same then as now.

By 1781, the Continental Congress was in debt for \$25 million and appointed Morris superintendent of finance and of the Navy until 1784. He proposed the Bank of North America, funded partly by him, to finance the war against Britain. He insisted on competitive bidding, tight accounting and state support. Also in 1781, he spent \$1,500,000 of his own money to get Washington's army to Yorktown for the final showdown. He was helped by Gouverneur Morris (no relation) as assistant financier.

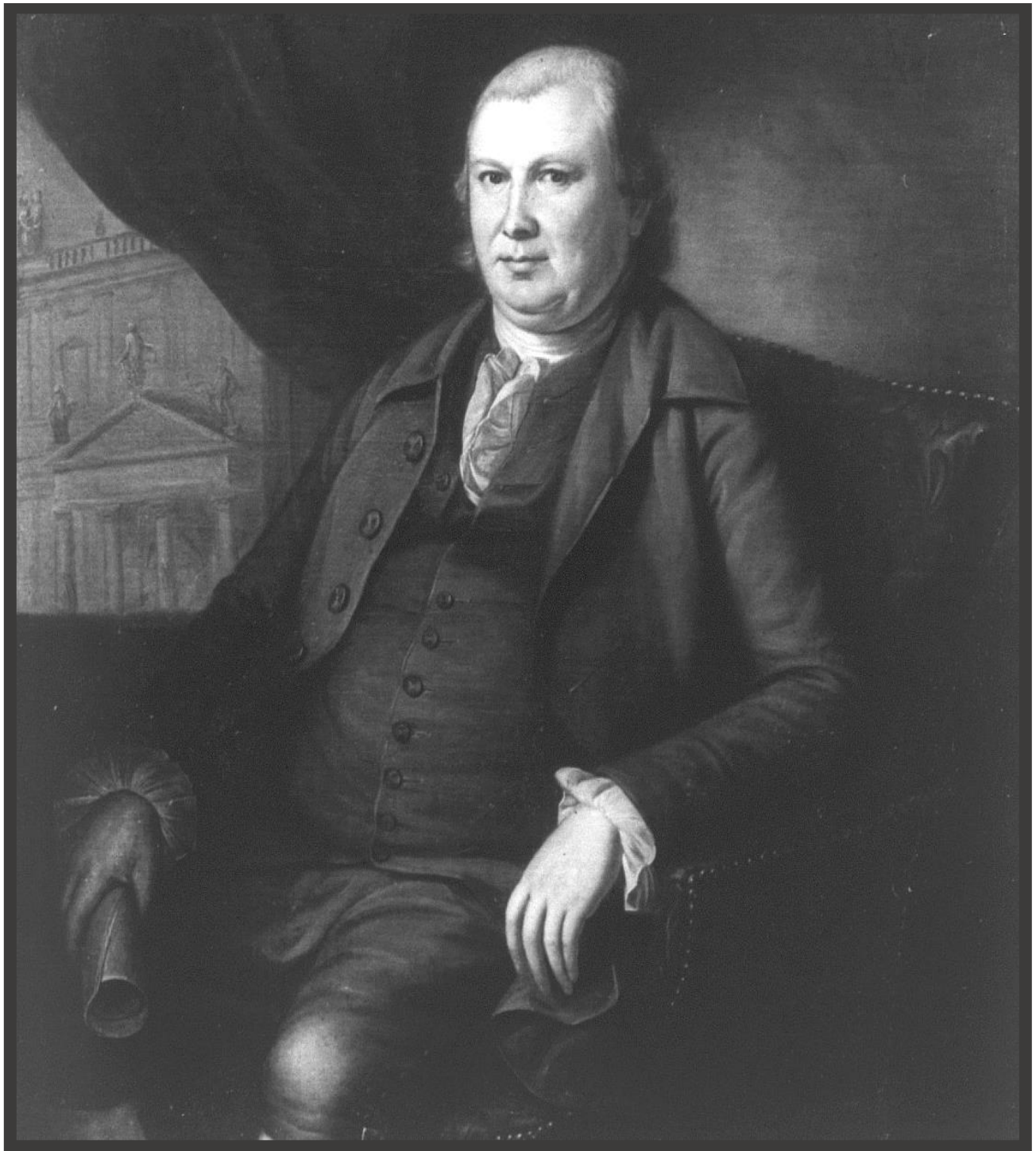
Robert laid out a similar national economic plan to what Hamilton later proposed. Both Morris's proposed a decimal system of currency for America, which they presented to Congress in 1782. In 1783, Robert submitted the decimal Nova Constellatio patterns as a sample to Congress. In 1783 to 1785, both Morris's with Constable and Rucker started a private coinage venture. Nova Constellatio coppers, designed after the patterns, were struck in Birmingham, England, and shipped to New York.

In 1787, Morris was a delegate to the Constitutional Convention. He got Gouverneur Morris elected, too. Together they tried to get slavery abolished. Robert was also the one who nominated George Washington as first president. Washington, in turn, asked Robert in 1789 to be the first secretary of the treasury. But Morris declined, suggesting Hamilton instead, and worked as a U.S. senator for six years, supporting Hamilton and the Federalists. Actually, Hamilton's report on the public credit in 1789 was just a reworking of Morris' *On Public Credit*, a document submitted to the Continental Congress in 1781.

Although Washington was sworn in as president in New York City, Morris, as a Pennsylvania senator, got the government to move to Philadelphia until Washington, D.C. was established. During that time, he handed over his home to George Washington for his use. He was the first to use the \$ sign in an official document, though it had been used for years in private transactions.



Detail of Robert Morris vignette by Charles Schlecht from the \$10 'Black Back' Silver Certificate series of 1880.



Robert Morris from an engraving of C.W. Peale's painting.

After 1795, he founded canal companies, a steam engine company and the first American iron rolling mill. In 1794, he began construction of a mansion in Philadelphia designed by Pierre L'Enfant. Once considered the richest man in America, he became overleveraged in land speculation and was thrown in debtor's prison from 1798 to 1801. In those days, you could not write off your debts by declaring bankruptcy. Donald Trump would have been in debtor's prison and not been able to start again. Morris' unfinished mansion became known as 'Morris' Folly.' When Morris left prison in 1801, he was a broken man. He spent his remaining days in retirement, supported by his devoted wife until he died in 1806. Such was the lot of high financiers in those days.



1785 Pointed Rays Constellatio Nova copper, a private venture of Morris to stimulate decimal coinage.



Above: Morris' Folly. Below: scene from *Apotheosis of Washington*, showing Morris receiving a bag of gold from Mercury, god of commerce. The Apotheosis is a large 1865 fresco by Brumidi on the dome of the rotunda of the U.S. Capitol. It also shows Washington ascending into heaven and becoming a god (apotheosis).



JT 24 Decatur 'Black Back' \$20 Silver Certificate series of 1880, Fr 309, F15, Accession # 1492.

Forty-five are known for this variety. In 2012, 56 are estimated, with 296 for the type, making it a rare variety. The note is signed by Scofield and Gilfillan with a large brown seal at the top and a large XX at the bottom. It is B&S #28. Paper money values are \$4,450 in F, \$6,250 in VF and \$16,500 in EF. Stephen Decatur's vignette is by Charles Schlecht. In those days, a \$20 Silver Certificate was rare and equivalent to perhaps a \$1,000 note today- not something that would circulate much. It was instead kept in bank vaults for reserve requirements for the National Banks.

Commodore Stephen Decatur was a naval hero of the Barbary Wars and the War of 1812. He was born in 1779 in Maryland, son of a navy captain. He attended the University of Pennsylvania at the same time as Richard Somers and Charles Stewart, also naval heroes. In 1796 at the age of 17, he supervised construction of the frigate *United States*. Two years later, he was commissioned as a midshipman on the same ship during the so-called quasi-war- an undeclared naval war with France.

In 1803 as a lieutenant, he was given command of the brig '*Argus*' to attack the Barbary pirates, who for years had exacted bribes from the U.S. Navy. Decatur captured the enemy ketch '*Mastico*', which he recommissioned as the '*Intrepid*,' and by night raided Tripoli harbor to destroy the captured U.S. frigate '*Philadelphia*.' After 20 minutes of hand to hand combat, he set the captured frigate afire and returned to his own ship. He immediately became a hero and was promoted to captain. Lord Nelson called it "the most daring act of the age."



Detail of Commodore Steven Decatur's vignette by Charles Schlecht from 'Black Back' \$20 Silver Certificate Series of 1880.



Left: Steven Decatur. Right: Decatur's *Conflict with the Algerine at Tripoli*. Reuben James interposing his head to save the life of his commander, copy of engraving by Alonzo Chappel, 1804.

During the War of 1812, he took HMS *Macedonian* but was later captured by the British as a prisoner of war until 1815. He then sailed a squadron of nine ships to the Mediterranean for the Second Barbary War. There he captured two Algerian ships and with a conspicuous display of power forced an early treaty. After Algeria, he managed the same gunboat diplomacy with Tunis and Tripoli. Gunboat diplomacy has been used as a term ever since for a conspicuous display of power to force a treaty.

From 1816 to 1820, he served as a U.S. Navy commissioner in Washington, where he built his house. In 1807, Commodore James Barron's frigate *USS Chesapeake*, unprepared for battle, had been cornered by a British frigate *HMS Leopard*, which requested a search for deserters. Barron refused so the British attacked, killing three and wounding 18. When the British searched, they took four British deserters. Barron was court martialled for negligence and suspended. Decatur was a member of the court. When Barron rejoined the navy, against Decatur's recommendations, he was badly humiliated. Barron killed Decatur in a duel in 1820.

The gentleman's code in those days delineated a mode of conduct, separating the lower from the upper classes. Dueling, though reviled by many, was part of the gentleman's code. If you felt your reputation and honor had been impugned, you could challenge the besmircher to a duel. Only gentlemen were considered to have honor. If insulted by someone of lower class, he would not duel him but beat him or have someone else beat him. If the gentleman refused to duel, he was a coward and could be looked down upon by other gentlemen. The goal was more to show that you were willing to risk your life for your honor than to kill the opponent. Modern equivalents are difficult to come up with. But money rather than land or position tends to be the modern American equivalent. As for the gentleman's code, the modern equivalent might be to "do the right thing," i.e. your course of action should stand up to criticism in years ahead.

Duels could be with swords or pistols. A duel could be to the first blood, until one man was incapacitated, to the death or, for pistol duels, until each dueler had fired one to three shots. For pistol duels, one could intentionally miss without loss of honor, though firing in the air was frowned upon. More than three shots were regarded as ridiculous. In 1777, the 'code duello' or dueling code from Italy influenced dueling rules. In medieval times, the winner of a duel was regarded as a hero. But as the barbaric practice continued, duels became effete.

Hamilton was killed by Aaron Burr in a duel. Andrew Jackson fought in a number of duels. Decatur was killed in a duel with James Barron. In 1826, Henry Clay dueled John Randolph, but both were unhurt. In 1831, Nicholas Biddle's brother defended Nicholas' honor against Spencer Pettis. Both died. Otto Bismarck, the first Chancellor of Germany, challenged Rudolf Virchow, the pathologist, to a duel. The challenged party was allowed to choose the weapon. Virchow chose a sausage infected with Cholera. Bismarck immediately called off the duel! Captain John Smith of Jamestown supposedly dueled three Turkish commanders successfully in a one-on-one combat. But Captain Smith was so full of that who knows whether it was true! The most recent known duel was in April 2009. Two Mexican men, Joseph Berrelleza and Eduardo Rabago, dueled with their own guns in Sinaloa, Mexico. Both were seriously wounded.

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CHAPTER ELEVEN

SILVER CERTIFICATES



JT 25 ‘Martha’ \$1 Silver Certificate series of 1886 and 1891, Fr 223, EF 45, Accession # 1036.

This is the famous Martha Washington note. Apart from a female emblematic of liberty, the only other female on Federal Notes is Pocahontas on National Bank Notes. Signed by Tillman and Morgan, it has a small red scalloped seal. It is B&S #50; 405 are known for this variety. In 2012, 556 are estimated, with 2,248 for the type, making this a common variety. Values are \$300 in F, \$425 in VF, \$850 in EF, and \$1,500 in CU63. Martha Washington’s portrait is engraved by Charles Burt. The Act of 1886 authorized \$1 through \$1,000 notes. The Treasury was experimenting with various seals and new silk fiber security devices. The same certificate series were reissued in 1891 with a back change (except for some reason the \$2 note of Hancock, which had a front change instead to Windom- perhaps because Secretary of the Treasury Windom had just died in 1891).

Martha Custis was born in 1731, the oldest daughter of a Virginia planter John Dandridge. At age 18, she married rich planter Daniel Parke Custis, who was 20 years her senior. She had four children with him- Daniel, Frances, John, and Martha. When her husband died, she was left a rich woman. In 1781, her daughter Martha died from epilepsy and her son John died from typhus, leaving only Daniel and Frances.



Edward Savage's portrait of George Washington Parke Custis, George Washington and Eleanor Parke Custis, and Martha.

At age 27, she married George Washington, with whom she had a satisfying marriage although she had no children with him. Many have questioned whether Washington really loved her. Why else would he have insisted she come to the battlefield each winter when he had an ideal excuse to keep her at home? Martha spent the winter at Valley Forge with George and often spent time with him while he was campaigning. However, she opposed his election as president and refused to attend the inauguration. Today, one might call her a home body. She died two years after George in 1802.



Martha had been raised when slavery was legal. When her first husband died, she received one third of the estate of 27 square miles and 285 slaves. George Washington used his wife's wealth to triple the size of Mount Vernon. Some of their slaves fled to freedom, including Martha's personal maid Oney and their chief cook Hercules. While in the North, Washington took many slaves with him. When he moved, he conspicuously left his slaves, where they became free. Martha owned her own mulatto half sister Ann Dandridge, who also had a child by Martha's son John. To spare Martha slave problems, Washington directed that his slaves not be freed until Martha died, but Martha freed them a year before she died in 1801.

Seventy-seven are known for the variety below. In 2012, 97 are estimated, with 868 for the type, making this a rare variety for the type. Although graded CGA 45, it looks like a VF 30. Values are \$600 in F, \$900 in VF, and \$1,800 in EF. B&S #73. The note has a large red seal with rays and is signed by Rosecrans and Huston. The vignette of Hancock is by Charles Schlecht.



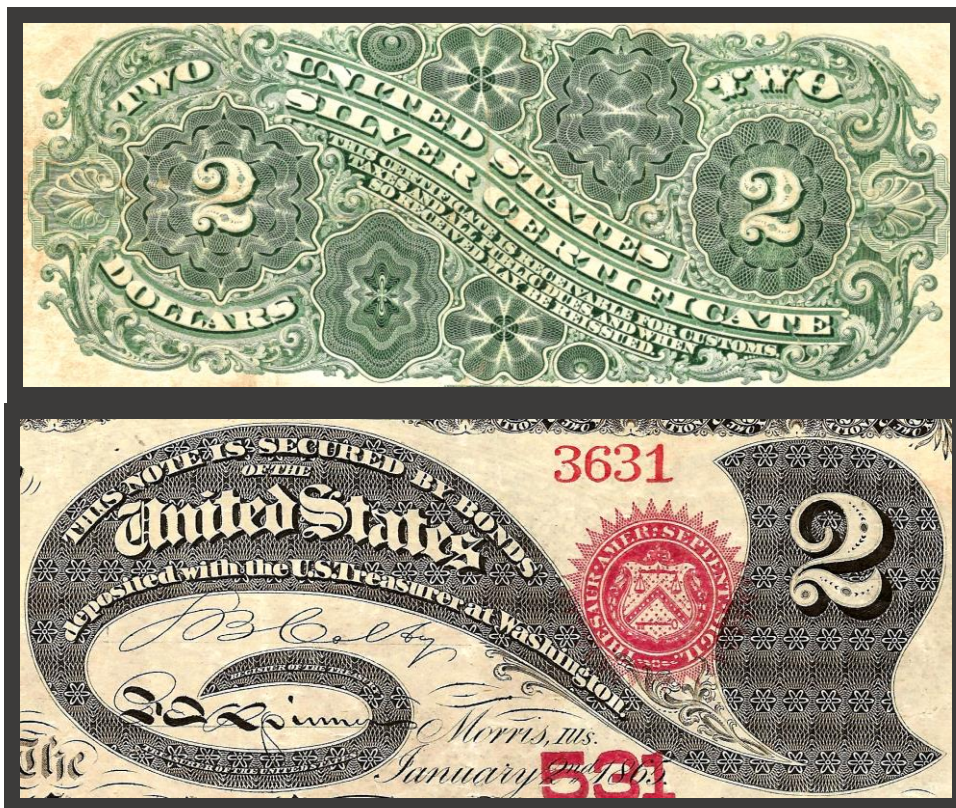
JT 26 Hancock \$2 Silver Certificate series of 1886, Fr 243, CGA 45, Accession # 1441.

Major General Winfield Scott Hancock, known as 'Hancock the superb,' was renowned for military leadership in the Union Army. Born in Pennsylvania in 1824, he was an identical twin. His brother was Hilary Baker Hancock. His father, a schoolteacher, named him after the military hero of the day General Winfield Scott. His father, an avowed Democrat, later became a lawyer and was a deacon in the Baptist Church. At 16, Winfield went to West Point, where at age 20 he graduated 18 in his class of 1844.

After two quiet years in Indian Territory, he volunteered for the front at the Mexican War under General Winfield Scott where, with the 6 U.S. Infantry regiment, he went to Puebla and attacked Mexico City. In 1847, he was brevetted to first lieutenant for gallantry at the battle of Contreras. A knee wound and fever stopped him from participating in the final breakthrough to Mexico City, where he remained until the peace treaty of 1848 was signed.

In 1850 at age 26, Hancock met and married Almira Russell. They had two children who both predeceased them. After postings in Minnesota and St. Louis, Missouri, he was promoted to captain in Fort Myers, Florida and served as a quartermaster at the end of the Third Seminole War. He was later reassigned to Fort Leavenworth, Kansas with the 6 Infantry. He travelled to Utah after the Utah War and then to southern California in 1858, serving under future Confederate General Albert Johnston. In southern California, he was instrumental in preventing local secessionist plans.

In 1861, he returned to the East as quartermaster for the Union Army, promoted to brigadier commanding an infantry brigade in the Army of the Potomac. During the Peninsula Campaign, General McClellan telegraphed Lincoln to say, "Hancock was superb today." The sobriquet stuck. At Antietam, he took over command from fatally wounded Major General Richardson's division, but McClellan would not let him follow through with successes. He was promoted to major general of volunteers and got an abdominal wound at Fredericksburg, then another wound at Chancellorsville. In 1863 at Gettysburg, Major General Meade, the new commander of the Army of the Potomac, sent Hancock ahead to decide whether field units (the left wing at cemetery ridge against Confederate General Longstreet) should fight there. He led the left wing and sacrificed the Minnesotan regiment, with 87% losses, to reorganize a defense and save the day for the Union army. The next day he countered Pickett's charge. Prominent on horseback at the front inspiring his men, he received a bad thigh wound, which handicapped him for some time. In 1864, he commanded a critical breakthrough assault at Spotsylvania Court House and was promoted to regular Brigadier. During the siege of Petersburg, he lost an action at Reams Station, retired from active service and went recruiting for the army. In 1865, was promoted to brevet major general in the regular army.



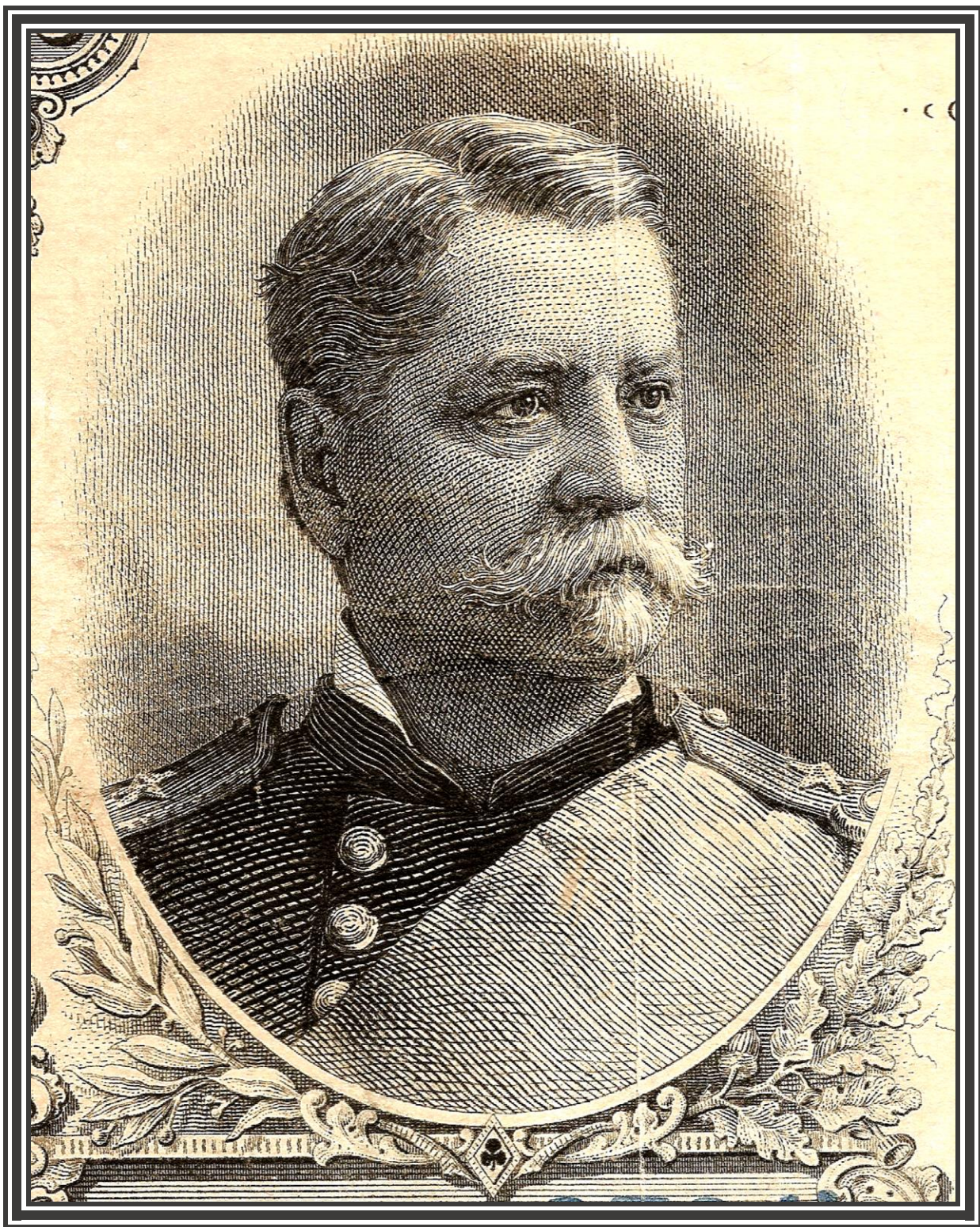
Compare: the back of the Hancock note has a sweeping, curvaceous design reminiscent of the lazy deuce of the first charter National Bank Notes (above) and may be a more abstract depiction of the lazy deuce.



Left: Major General Winfield Scott Hancock photo- the basis for the \$2 Silver Certificate engraving, right: Hancock statue.

After the war, Hancock supervised the trial and execution of John Wilkes Booth's co-conspirators in the assassination of Lincoln. In 1866, he was promoted to regular major general, commanding the Military Department of the Missouri, where he fought Indians and developed a dislike for his harsh subordinate Lieutenant Colonel Custer. However, President Johnson was unhappy with the general's handling of southern reconstruction and ordered Democrat Hancock to switch duties with Republican General Sheridan in New Orleans. Hancock had issued Order Number 40- an olive branch to white southerners that upset Republicans and southern blacks.

In 1868 after Republican General Grant was elected president, he was again transferred to the Department of Dakota. During his time there, an 1870 army expedition massacred the Blackfeet Indians. Later, whites encroached on the Black Hills, violating the Treaty of Fort Laramie. In 1872, though a Democrat and senior army major general, he was transferred to the Department of the Atlantic by Republican General Grant to keep him out of southern reconstruction. In 1876, he ran unsuccessfully as Democratic nominee for president. In 1880, he was successful at gaining the nomination but lost to Republican Garfield. He was president of the National Rifle Association and wrote *Reports of Major General W.S. Hancock upon Indian Affairs*. He died in 1886 on Governor's Island, New York, of a large infected boil and diabetes while still commanding the Department of the East.



Closeup of Major General Winfield Scott Hancock vignette by Charles Schlecht from \$2 Silver Certificate.



Hancock's three division commanders Wilderness Campaign.



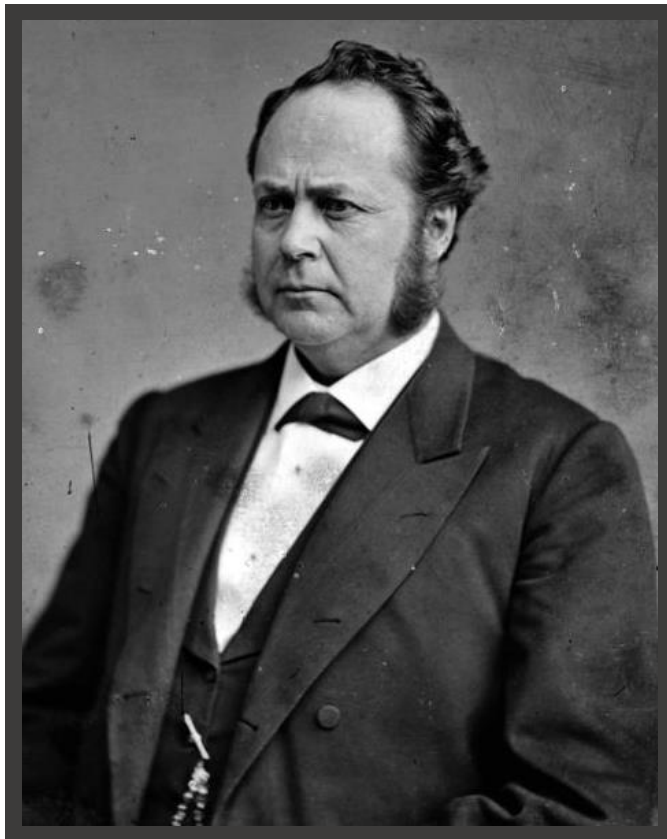
Hanging of the Lincoln assassination co-conspirators.



JT 27 \$2 Silver Certificate series of 1891 'Windom,' Fr246, EF 40, Accession # 1295.

Although the face on the above note is topped by 'Act of August 4, 1886,' on the bottom left it says series of 1891. The back is in the generic style of 1891 backs with a lot of white space, whereas the 1886 backs had more pizzazz and individuality, taking up the entire surface with design. For example, the 1886 \$5 notes have a silver dollar back and the 1886 \$20 notes have a diamond back. The 1891 backs are simply geometrical lathe work without much artistry. Windom's vignette was engraved by William G. Phillips. The note looks relatively modern with the dead-white-male-in-an-oval style on the face. Two hundred fifty are known for this variety. In 2012, 371 are estimated, with 613 for the type. Values are \$550 in F, \$1,100 in VF, and \$2,000 in EF. There was a tradition of honoring obscure people on the 1886 and 1891 Silver Certificates, hence the Windom 1891 note. The note has a small red scalloped seal and is signed by Tillman and Morgan.

William Windom was born in 1827 of Quaker farmer parents in Belmont County, Ohio. He was educated in country schools. An eager reader, he decided on becoming a lawyer against the religious wishes of his parents. At age 23, he was admitted to the bar in Mount Vernon after his father mortgaged his farm to pay for his studies, which William soon repaid. In 1855 after five years in Mount Vernon, he relocated to Winona, Minnesota, as he wanted the excitement of the frontier. In 1856, he married Ellen Towne of Massachusetts- a happy union. In 1859 at age 31, he became Republican congressman from Minnesota until 1869, when he then became a U.S. senator until 1881.



William Windom photographic portrait by Matthew Brady; the basis for the \$2 Silver Certificate engraving.

In the Senate, he chaired the Appropriation and Foreign Relations Committees. In 1874, he wrote a special report on inland farm goods transportation to the coast for foreign trade, which addressed controlling the railroads. He was a proponent of western expansion and, despite being a Republican and Gold Bug, sympathized with bimetallism for western interests. In 1881, he was appointed secretary of the Treasury in Republican President Garfield's administration. A funding act for 5% and 6% one-year bonds had been vetoed by President Hayes and was in limbo when President Garfield took over. Six hundred thirty-six million dollars of bonds were maturing and no one but Windom moved. He issued a circular calling for redemption or exchanges to 3½% bonds in a timely manner without legislation, for which he received great praise. When Garfield died in September 1881, Windom resigned and returned to his senate term until 1883.

From 1883 to 1889, Windom practiced law in New York City and travelled abroad with his family. In 1889, he was asked by Republican President Benjamin Harrison to become secretary of the Treasury again. In 1891, while secretary of the Treasury, he travelled to New York City where he enjoyed a banquet at Delmonico's. After dinner, he delivered a 40- minute speech to the New York Board of Trade. He then sat down and suddenly died. In inimitable melodramatic and verbose Victorian iterations, his death was described as follows: "the toastmaster of the evening was in the act of introducing Mr. Bayard, when those near Mr. Windom were startled by a change in his appearance. His eyes closed and it was evident that some sudden weakness had fallen upon him. Prompt hands came to his support and physicians present were instantly in attendance. Tenderly, the unconscious form was borne to an adjoining room and every effort was made to revive it, but in vain. The strong, loving heart had ceased to beat, and death, evidently instant and painless, had supplanted life. Nay, rather shall we not say that life had conquered death and the man we knew and loved as William Windom- no longer mortal- had put on immortality." It is possible that his sudden death, long and faithful political service, likeability and status as the Treasury secretary influenced the Treasury Department to replace Hancock with Windom on the \$2 face.



Engraving of William Windom by William G. Phillips on the \$2 Silver Certificate.



JT 28 \$5 Silver Certificate 'Silver Dollar Back,' Fr 260, VF 20, Accession # 1394.

This is the famous silver dollar back, so called because it had five Morgan Dollars on the back. It is dated 1886. It is the second time 'In God We Trust' shows on a Federal Note. The first time is on the Florida state seal of First Charter National Bank Notes. It was in 1957 that the motto became mandatory on current bills. It is B&S 21; 83 are known for this variety. In 2012, 112 are estimated, with 711 for the silver dollar back type. Values are \$1,500 in F, \$3,000 in VF and \$6,000 in EF. It is signed by Rosecrans and Hyatt with a small red plain seal.

The Silver Certificate following is for comparison with the above silver dollar back. The front is substantially the same, but the back is the generic 1891- not very artistic geometric lathe work with a lot of white space. One hundred eighty-eight are known for this variety. In 2012, 233 are predicted, with 302 for the non-silver dollar back variety. Thus, this type note is rarer (302 vs. 711 estimated), although it is less desirable because of the plain rather than silver dollar back. Values are \$750 in F, \$1,100 in VF, \$1,800 in EF and \$4,000 in CU63. This plain back version likewise is not listed in B&S. It is signed by Tillman and Morgan with a small red scalloped seal. Grant's vignette was engraved by Lorenzo Hatch. Further examples of 1886–1891 notes will be represented by only one type.



JT 28a \$5 Silver Certificate series of 1891 back, Fr 267, PMG, CU 62.

General Ulysses S Grant was born 1822 in Ohio. His father was a tanner who taught him the trade. In 1848, he married Julia Dent- a cousin of Confederate General Longstreet- who actually introduced them. His full name was Hiram Ulysses but Congressman Hamer, who nominated him for West Point, wrote his name as Ulysses S. Grant because his mother's maiden name was Simpson. West Point would not allow any change so he was nicknamed Uncle Sam or Sam because of his name. He graduated 21 of 39 students.

He served as quartermaster in the Mexican-American War under Zachary Taylor and Winfield Scott, but despite being a quartermaster saw action and was brevetted twice for bravery. Brevet was a temporary assignment of a higher rank, sometimes for bravery, without the pay, responsibility or authority. This was commonly done during the Civil War. The practice of brevetting disappeared around 1900, although during the First and Second World Wars, it was common for career soldiers to be given a higher rank. Brevet comes from the Latin brevis for short. My own father when in his mid- twenties was made a lieutenant colonel during the Second World War, but after the war he spent 12 years as a major before he again rose to lieutenant colonel.

After Mexico, Grant was first posted to Fort Vancouver and then in 1854 to Fort Humboldt, California. He tried business without success. He abruptly resigned from the army in 1854, possibly because of depression. His senior officer, Col. Robert Buchanan, hated him and it was Buchanan who suggested alcohol was a factor in his resignation. Grant then tried farming, bill collecting and finally re-joined his father's leather business.

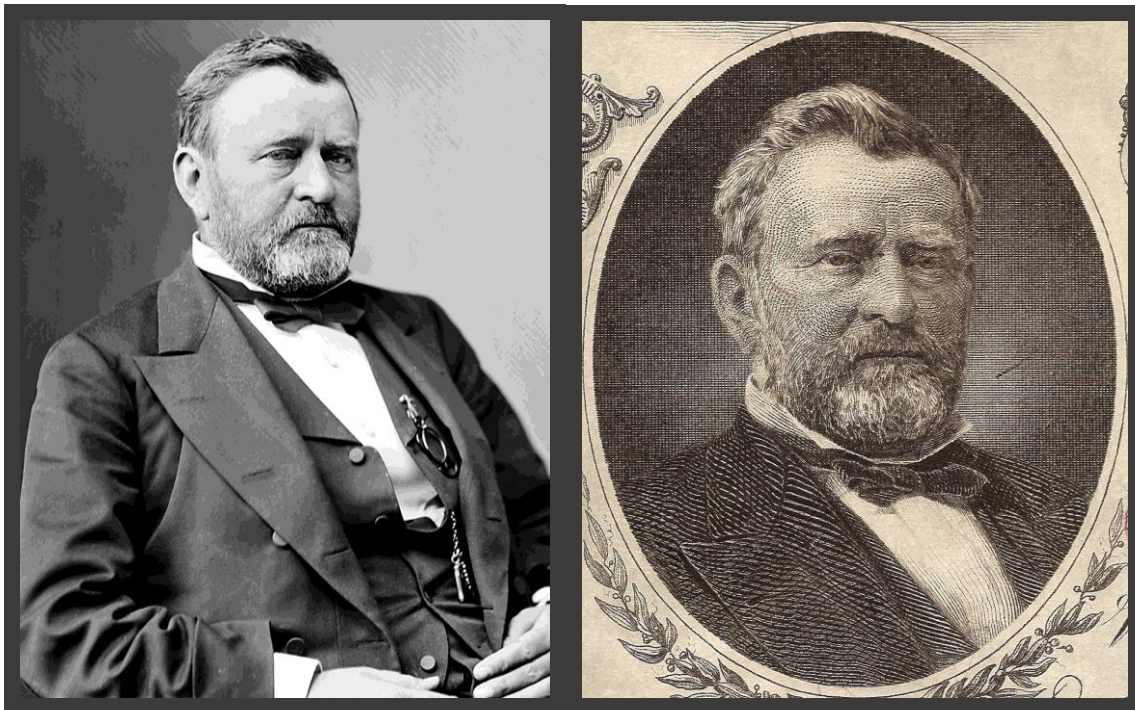
In 1861, Grant turned to recruiting and training army volunteers. As he did this efficiently, Illinois Governor Richard Yates made him a colonel in the Illinois militia. By August, Lincoln made him a brigadier of volunteers, so he must have been able. Major General John Fremont then selected him to command in Missouri. In February 1862, he captured two important Confederate forts on the Mississippi River- Fort Henry and Fort Donelson. He established a cool, hardnosed reputation when at Donelson he forced the unconditional surrender of 12,000 men under Confederate General Buchner. There he earned the nickname ‘unconditional surrender Grant.’ Lincoln promoted him to major general. His superior, rabid teetotaler Major General Henry Halleck, was jealous and in March relieved him of his command until Lincoln objected.

In April 1862, Confederate Generals Johnston and Beauregard attacked violently at Shiloh. Grant dug in his heels and fought them to a standstill, but Halleck again intervened and made Grant second in command. Halleck was withdrawn using the Peter Principle; i.e. he was promoted to general-in-chief of the Union Army in Washington. Grant was left commanding the Army of the Tennessee. In 1863, Grant conducted his masterful strategy to take Vicksburg by siege. Confederate General Pemberton surrendered in July after six weeks, splitting the Confederacy in two. With the previous day’s victory at Gettysburg, this was the turning point of the war. Confederate General Bragg then surrounded the Union army under Rosecrans at Chattanooga, Tennessee in October 1863. Grant, new head of the Military Division of Mississippi, replaced Rosecrans with General Thomas, reprovisioning the stuck troops. In November, Thomas finally won the Battle of Chattanooga. Impressed, Lincoln made Grant the general-in-chief of the army in March, 1863 as a lieutenant general; i.e. a three-star general. In March, 1864 Grant put Major General Sherman in charge of all forces in the West and personally led forces in the East to combat the Army of North Virginia under General Lee.

Grant was the first general to co-ordinate destruction of infrastructure as a strategy to achieve victory; i.e. waging total war. He coordinated the destruction of Shenandoah Valley property and railroads by General Siegel, the destruction of property and railroads in Georgia by General Sherman and the capture of Mobile, Alabama by General Banks. Grant himself fought Lee. In May, 1864 Grant initiated his war of attrition against the Army of Northern Virginia in the battles of the Wilderness, Spotsylvania and Cold Harbor which, however, he attacked without adequate reconnaissance. These battles ultimately led to the siege of Petersburg. When people complained that Grant drank too much Lincoln said, "I wish some of you would tell me the brand of whiskey that Grant drinks. I would like to send a barrel of it to my other generals." It is said that Grant preferred Old Crow bourbon. Also in 1864, Congress had revived the rank of four star general (last held by George Washington). In April, 1865 Grant forced Lee to evacuate Petersburg, thereby abandoning Richmond. Grant successfully surrounded Lee at Appomattox Courthouse and forced Lee to surrender. Grant offered generous terms.



Closeup of silver dollar back on \$5 Silver Certificate.



Left: General Ulysses S. Grant photograph by Matthew Brady 1870-1880; right: from \$5 Silver Certificate.

Undoubtedly, Grant was a brilliant general but he was less prepared for politics. Accused, probably falsely, of anti-semitism and possibly falsely of alcoholism, he was elected Republican president in 1868 and re-elected in 1872. At age 46, the youngest president to that point, he presided over late reconstruction, which was built on a patronage-based Republican Party in the South. Subsequently, the Democratic machine took control of every southern state. Grant wanted to protect blacks' rights and suppress the Ku Klux Klan, but he felt state militias and not the general army should handle local unrest. In those days, Republicans and Democrats stood for different things than they do today; Republicans were pro-black rights and Democrats were pro-Ku Klux Klan.



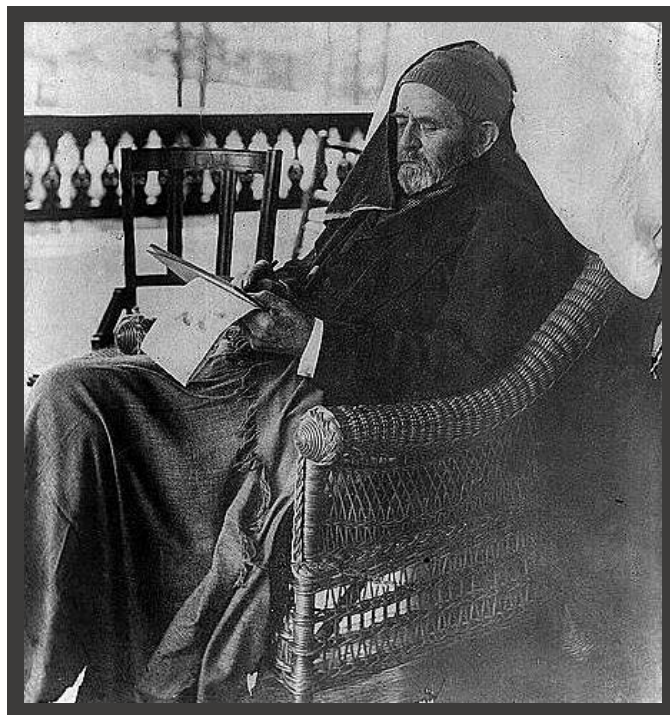
General Grant at Cold Harbor; photo by Matthew Brady.

In March, 1869 the Republican Congress passed an 'Act to Strengthen the Public Credit.' Treasury Secretary Boutwell reorganized the Treasury Department, tax collection, and the Bureau of Engraving and Printing to protect currency from counterfeiting. In September, 1869 two financiers, Jay Gould and James Fisk, tried to corner the gold market by buying large quantities of gold. They recruited Grant's brother-in-law, financier Abel Corbin, to try to influence Grant. Corbin convinced Grant to appoint General Daniel Butterfield as assistant treasurer of the United States. Corbin also tried to persuade Grant not to sell government stocks of gold. Butterfield would later tip Gould and Fisk off when the government was going to sell gold. Grant ultimately decided to flood the market with gold, with Fisk and Gould getting out of the market in time, although many investors were ruined. This scandal was called 'Black Friday.'

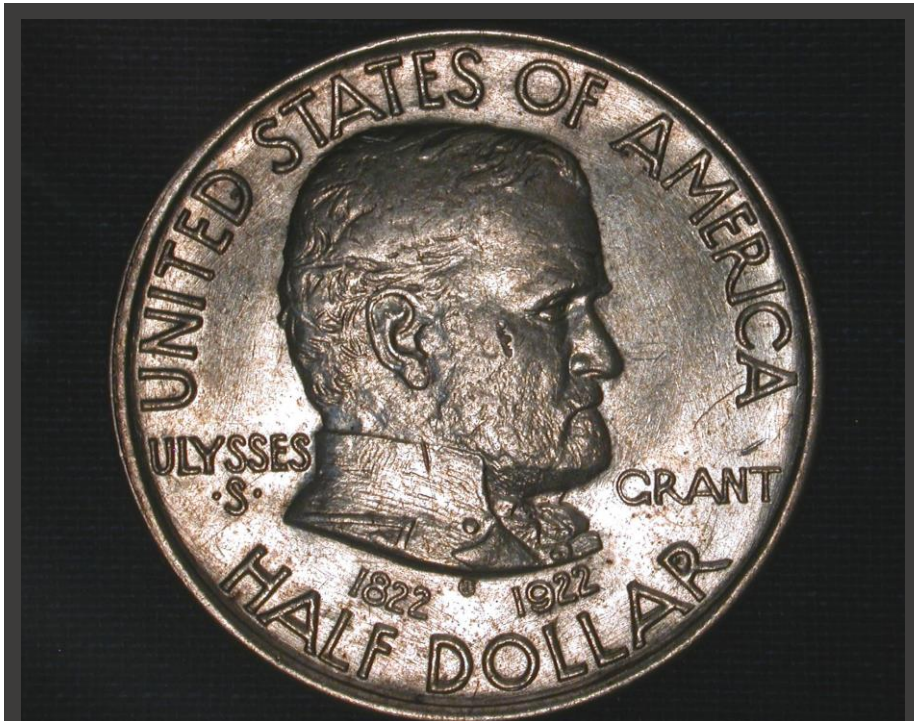
During the panic of 1873, Grant did not act. In 1876, he vetoed a bill to print more legal tender. The continuing depression led to Democratic control of the House of Representatives. The Democrats exposed rampant corruption, not by Grant himself, but within his administration. In 1875, Grant signed the Resumption of Specie Act, which came into effect in 1879 and led to federal bank notes being redeemed at par with gold. Also in 1875, \$3 million was stolen from the government by the Whiskey Ring- a group of high government officials. Grant pardoned them all.

Grant tried to annex Santo Domingo during his presidency. He felt doing so would provide a safe haven for freed blacks and that a black exodus from the South would persuade southern whites to accept black civil rights. He hoped it would also persuade neighboring Cuba to give up slavery. However, political opposition by anti-slavery Democratic Senator Charles Sumner nixed the deal.

After he left the presidency, Grant went on a world tour for two years. In 1880, he was proposed for a third term in the White House, although the idea failed. In 1881, he bought a house in New York City. He put virtually all his money in an investment that was suggested by his son with Ferdinand Ward. Ward, like modern day Bernard Madoff, swindled Grant out of it all in 1884. Also in 1884, Grant discovered that he had cancer of the tonsil- frequently seen in people who have drunk and smoked heavily. Destitute and terminally ill, Grant set about writing his autobiography to provide for his family. It provided over \$450,000. Mark Twain promoted it and others have said it is among the finest memoirs ever written. Grant died a few days after its completion in 1885. He is buried with his wife in Grant's Tomb in New York City- the largest mausoleum in the U.S.



Grant on his porch writing his memoirs.



Grant Memorial Commemorative; reverse is house in Point Pleasant, Ohio where Grant was born.



JT 29 \$10 Silver Certificate series of 1886, 1891, and 1908 Hendricks 'Tombstone', Fr 303, VF 20, Accession #1388.

This note is named the 'tombstone note' because the framing for the head looks like a tombstone; B&S # 85; 86 are known for this variety. In 2012, 108 are estimated, with 1,494 for the type. Values are \$600 in F, \$950 in VF and \$2,000 in EF. The note is signed by Vernon and McClung with a small blue scalloped seal. The 1886 notes have a back with no white space. The 1891 notes have a back with white space. This 1908 note has a face with a large blue "X" on the left side. The vignette of Hendricks was engraved by Charles Schlecht.

Born in 1819 in Ohio, Hendricks was brought up in Indiana. He studied classics and law and practiced law in Shelbyville, Indiana. He married at 29 and had only one son, who died at age three. By the age of 29, he was a member of the State House of Representatives. At 31, he became U.S. congressman from Indiana. He favored Senator Douglas' Kansas-Nebraska Act, which repealed the Missouri compromise and allowed each territory to decide whether it would be a slave state or not. The Missouri compromise was an agreement passed in 1820 between pro- and anti-slavery factions in Congress to admit a slave state to the Union only if there was another free state admitted. However, in Indiana Hendricks had previously enacted 'black laws' that stopped free blacks from entering Indiana and promoted segregation.

In 1860 at age 40, he moved to Indianapolis to practice law after he was defeated in the governor's race. But in 1863 at age 42, he became a U.S. senator for Indiana for six years. Hendricks recognized that the two factions of the Democratic Party at that time- peace and pro-union- could not continue during the Civil War, and he drove the peaceniks from the party. In the senate, he became the natural leader of the ten Democratic senators against the thirty-three Republicans. His party line was anti-black; he wanted to keep the fugitive slave laws intact and did not want blacks to have the vote.



Closeup of Thomas A. Hendricks, vice president of United States in 1885. Vignette by Charles Schlecht from \$10 Silver Certificate series of 1886-1891 'Tombstone.'



Hendricks: Brady-Handy photograph circa 1860-65. Congressional photograph later in life.

In 1873 at age 52, he was elected governor of Indiana for four years- the first northern Democratic governor after the Civil War. His uncle had also been governor of Indiana. Hendricks naturally criticized the Republican Grant administration as Grant was pro-black. However, the panic of 1873 came his first year as governor. Hendricks was soft-money, i.e. he supported the printing of more paper currency to expand the money supply, which he thought would cure and prevent panics (recessions). As governor in 1876, he ran for vice president with Tilden. Tilden was a hard-money advocate (i.e. wanted everything backed by gold); Hendricks as the opposite balanced the ticket. However, after Lincoln, all presidents had been Republican except Lincoln's Vice President Andrew Johnson. The close election of 1876 was decided by a special electoral commission in favor of Republican President Hayes.

After the election loss, Hendricks went on a European tour with his vivacious wife Eliza before returning to his law practice. In 1880 at age 60, he suffered a stroke and two years later he developed erysipelas (a severe streptococcal infection) of the right foot that took six months to heal. This left him lame, probably from severe chronic venous insufficiency.

Hendricks ran for president in 1868, 1872, 1876, and 1880. He was getting stale, so he ended up as the vice-presidential candidate with Democrat Grover Cleveland in what some have characterized as the dirtiest campaign in U.S. political history. But Cleveland was more laissez-faire and honest and ignored patronage requests for a few months until his party threatened revolt. When Cleveland put Adlai Stevenson in charge of the civil service, 40,000 jobs changed hands. A few months later in 1885, Hendricks died of a brief illness and was not replaced. The next year, a new series of Silver Certificates were created and released in 1888. Presumably, as Hendricks had just died as a prominent Democrat, his image was placed on the note.

The note below is named after Daniel Manning, the secretary of the Treasury from 1885-1887. One hundred forty-one are known for this variety. In 2012, 163 are estimated, with 680 for the plain back type. There are 129 estimated for the diamond back type. Plain back values are \$1,000 in F, \$1,450 in VF and \$3,750 in EF. It is signed by Tillman and Morgan and has a small red rosette seal. The 1886 diamond backed notes have a back with no white space. The 1891 notes have a back with white space. Manning's vignette was engraved by Lorenzo Hatch.



JT 30 \$20 Silver Certificate series of 1886 and 1891 'Manning,' Fr 318, VF 20, Accession # 1351.

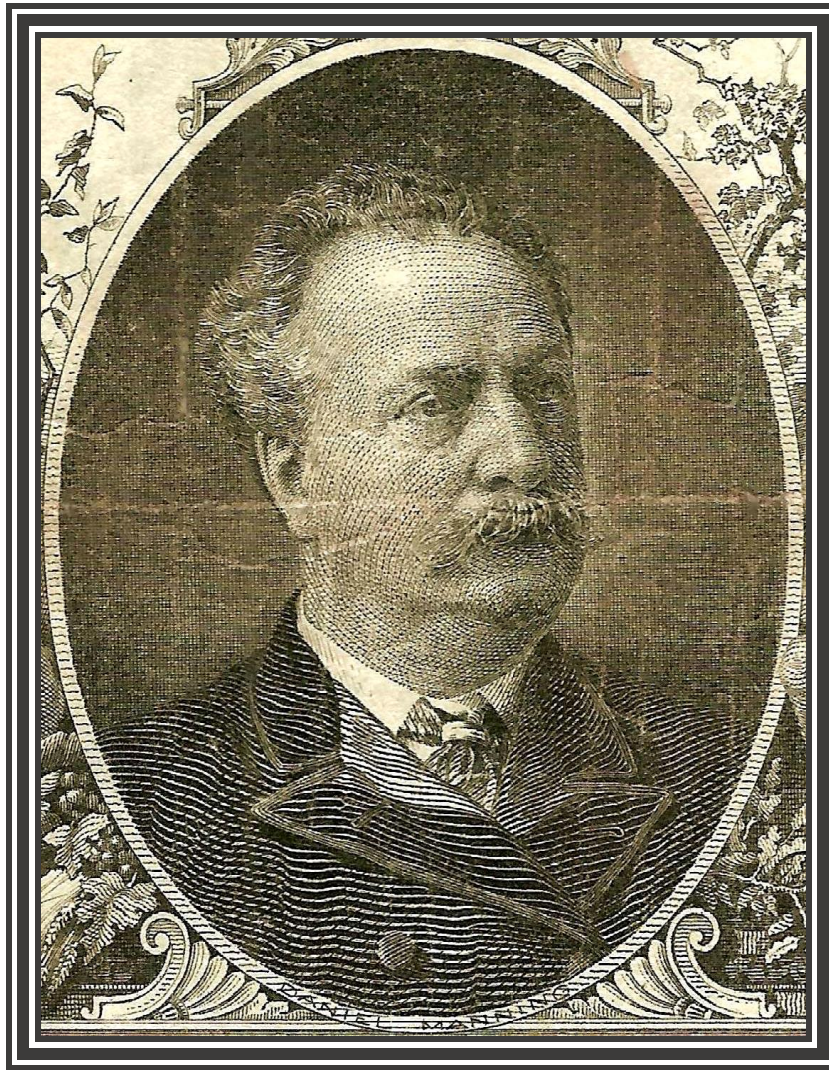
Daniel Manning was born in Albany, New York in 1831. At age 11 he went to work for the Albany Atlas, a New York State newspaper. Just as today, the papers were heavily partisan- this one towards the Democratic Party. In 1856, the newspaper consolidated with the Albany Argus, another local newspaper. Manning continued working there as a writer, became editor by age 34 and owner by age 42.

Manning became involved in New York State politics, becoming chairman of the New York Democratic Committee in 1881-1884. In 1882, he nominated Grover Cleveland for New York State governor. Grover Cleveland was a Buffalo lawyer who in 1882 became known as the 'vote mayor,' driving out competition from Buffalo city administration. In 1884, Manning again nominated Cleveland for president. Cleveland broke violently with the Tammany leader of the Democratic political machine, refused as president to continue the system of patronage and tried to reduce pork-barrel politics.

In gratitude, Cleveland appointed Manning his secretary of the Treasury in 1885. However, in 1887 Manning resigned because of ill health and died the same year. Although the notes are the issue of 1886, they were not actually released until 1888, so they did not break the rule of no living heads on currency or coin. It was Spencer M. Clark who had put his own head on a third issue fractional currency five cent note while he was superintendent of the National Currency Bureau (now the Bureau of Engraving and Printing). This led to an outcry and legislation against living heads on currency and coin. However, in 1995 Eunice Kennedy Shriver was put on the Special Olympics silver dollar. For some reason, there were no objections. Note below the allegorical figures representing agriculture and industry.



Daniel Manning by Robert Hinckley, 1880s.



Vignette of Daniel Manning on the \$20 Silver Certificate.

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CHAPTER TWELVE

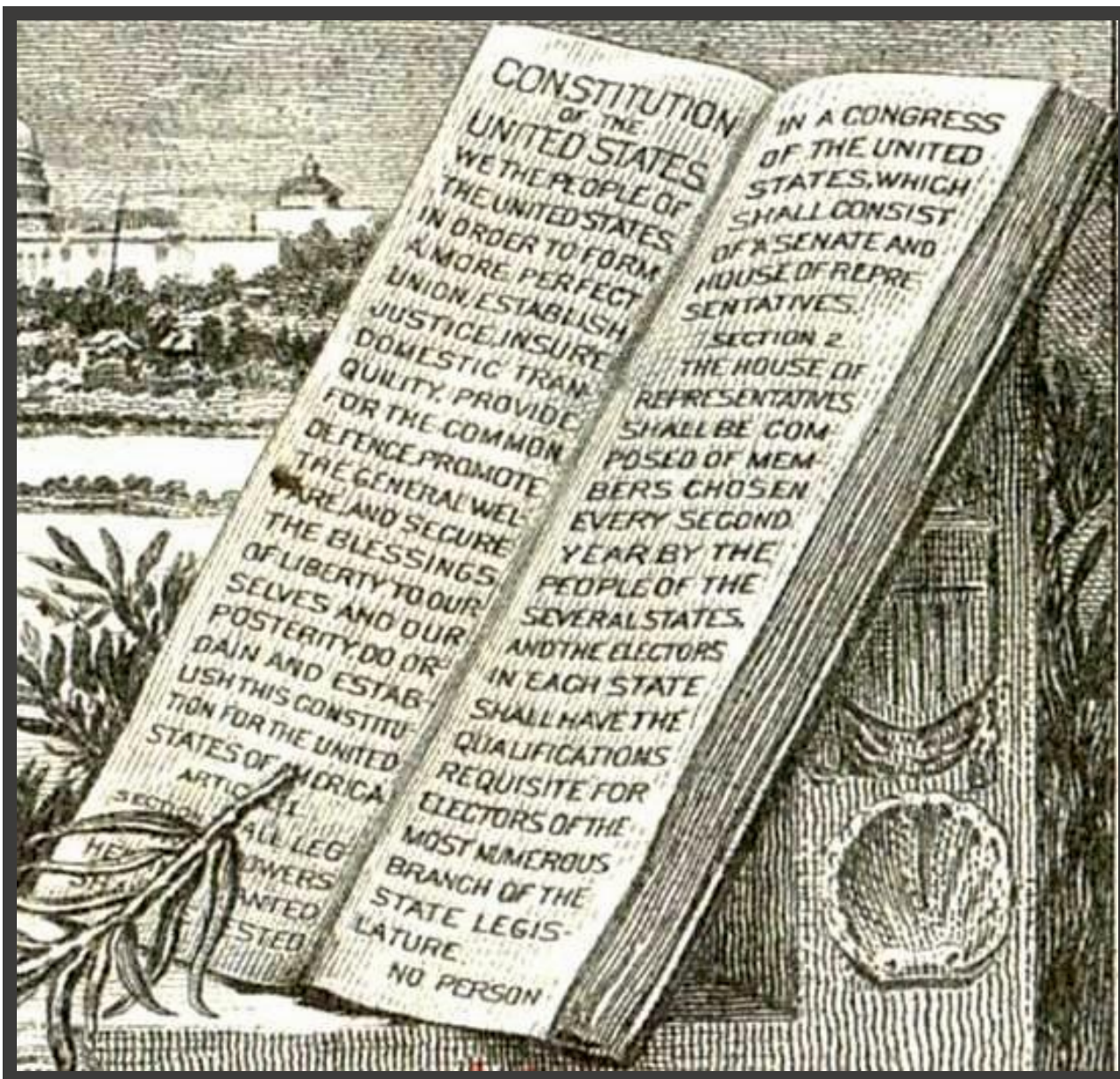
EDUCATIONAL SILVER CERTIFICATES OF 1896



JT31 Educational Series Silver Certificate of 1896 *History Instructing Youth*, Fr #224, EF40, Accession #1543.

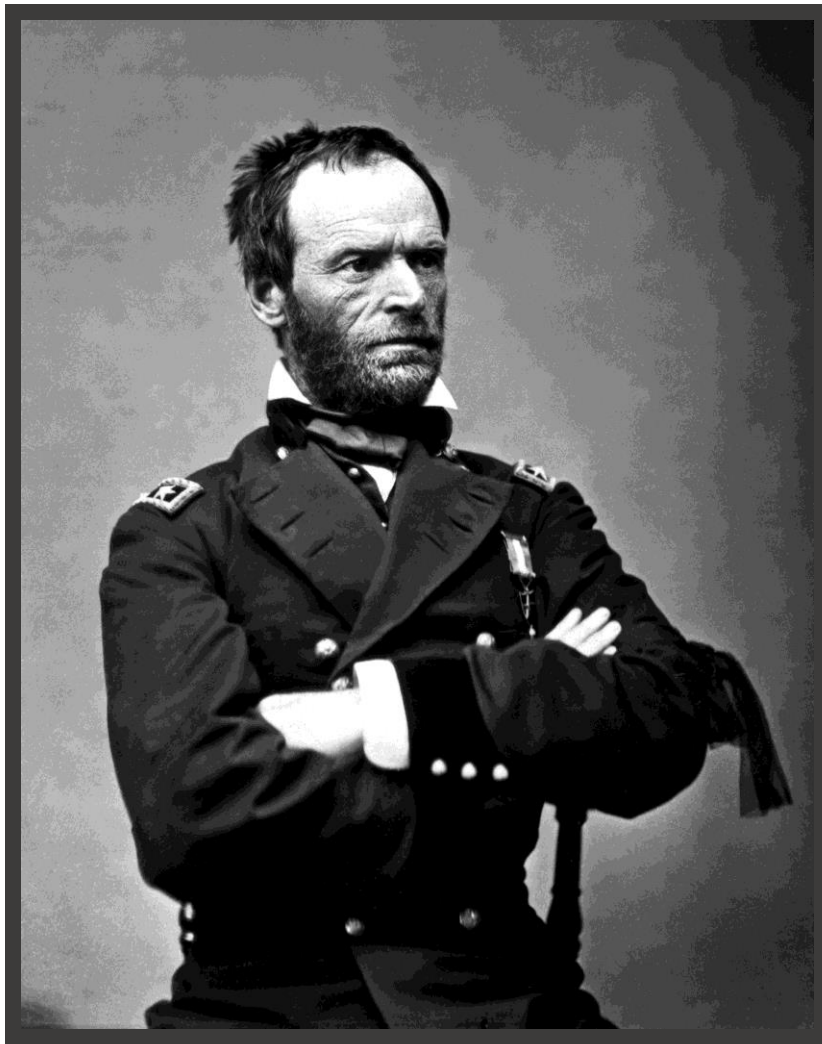
This is the renowned Educational Series of \$1, \$2 and \$5- the epitome of U.S. currency design; 1,273 are known for this variety, B&S # 7. In 2012, 1,770 are predicted, with 2,316 for the type. Values are \$275 in F, \$375 in VF, \$950 in EF, and \$2,250 in CU63. It is signed by Tillman and Morgan and has a small red seal with rays. The face was designed by Will H. Low, with some changes by Thomas F. Morris, who designed the back with the portraits of George and Martha Washington. The face was engraved by Charles Schlecht. The back portraits were engraved by Alfred Sealy and Charles Burt.

The face of the note is like an art gallery or book- one can spend hours talking about the design and historical significance of all the pictures and writings in the gallery. It is a masterpiece of neo-classical design. According to Bowers, the goddess History is sitting approximately where, across the Potomac River at Arlington National Cemetery, the Lee mansion is located.



The Constitution of the United States illustrated shows two grammatical problems. The first is 'insure' rather than 'ensure' and the second is the spelling of tranquility with a single l. In the 1890s, the spelling was 'tranquillity.' The Bureau of Engraving and Printing (BEP) was deeply criticized for this, although the original Constitution actually had the old spelling of tranquility. When Charles Schlecht was informed by a friend that the word was misspelled on his \$1 engraving, he apparently replied, "Rats! The word was spelled that way in the original Constitution." Later, a BEP spokesman said, "Now at the BEP we must follow copy and cannot demonstrate superior knowledge in the face of absolute authority." A precursor of political correctness!

The perimeter of the notes has a series of wreaths enclosing the names of 23 luminaries. They start with Henry Wadsworth Longfellow, an American 19th century poet who wrote *The Song of Hiawatha*. The epic poem was based on the story of Hiawatha, a 17th century Onondaga Indian chief from New York State who urged peace with the Europeans. Longfellow made him an Ojibwa Indian living near Lake Superior. Longfellow also wrote the poem *Paul Revere's Ride*, which begins, "Listen, my children, and you shall hear/ Of the midnight ride of Paul Revere."

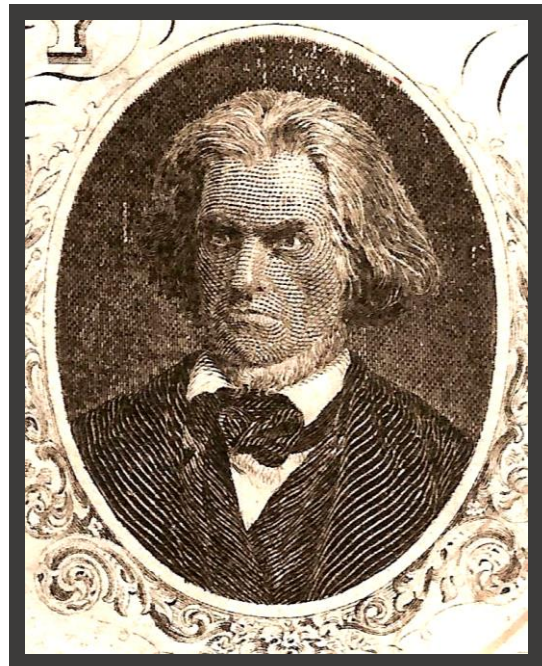
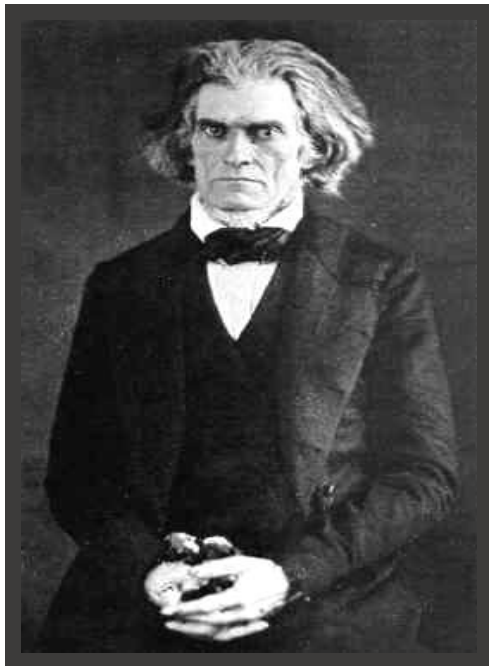
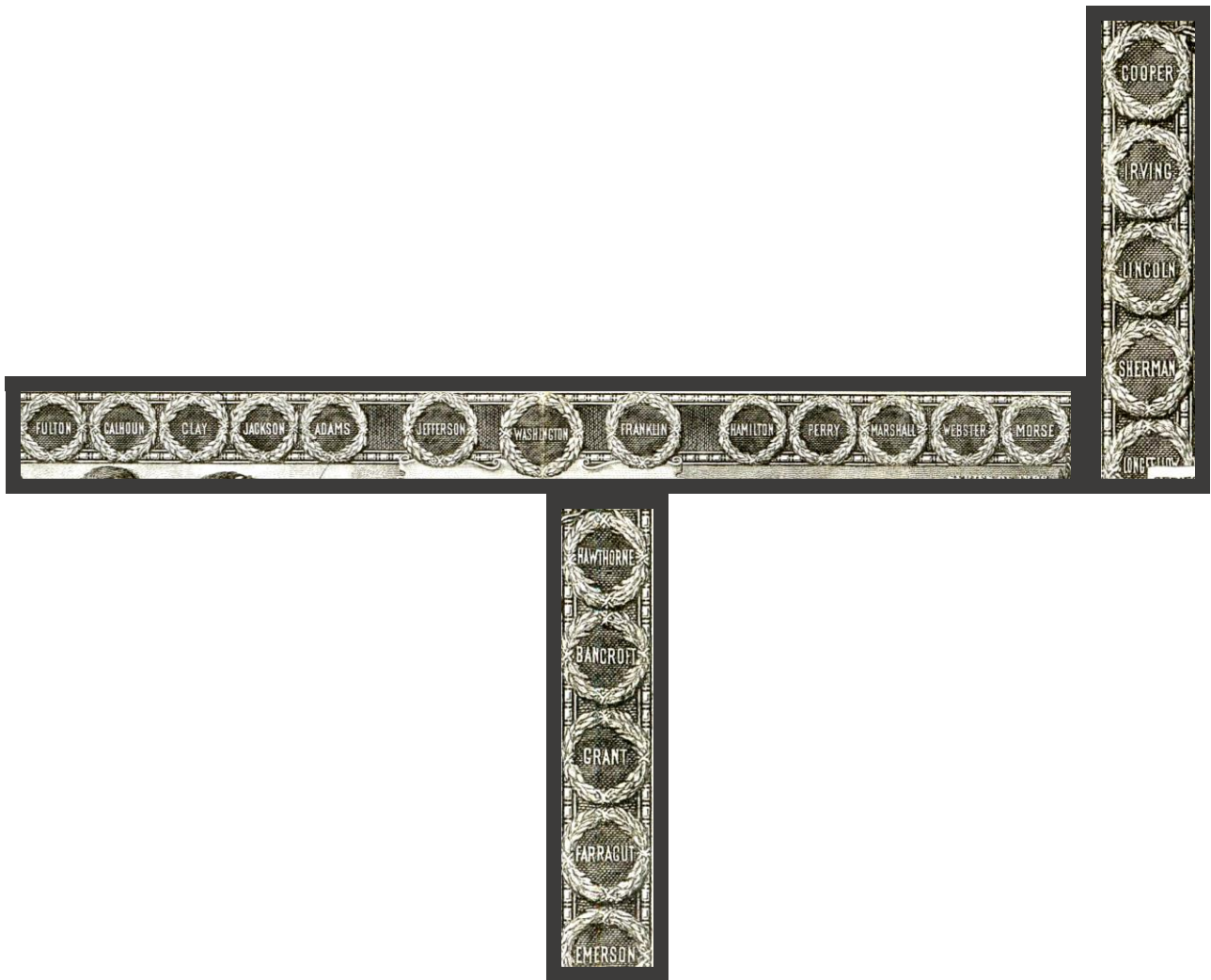


William Tecumseh Sherman was named after Tecumseh. Tecumseh was a Shawnee Indian chief who revolted against early western settlers and supported the English in the War of 1812, in which he was killed. General Sherman is second in fame only to General Grant and commanded the famous march to the sea from Atlanta to Savannah. The goal of the march was to destroy the Confederate supplies, and his army of 60,000 destroyed everything in sight, thereby inventing the 'scorched earth policy.' He was famously quoted as saying, "War is hell."

Sherman's portrait appears on the \$100 Treasury Note. After the war, he remained in military service. He was a major general during the Civil War and a lieutenant general after the war. By contrast, Grant was a lieutenant general during the Civil War; a special position of general of the armies was created for him after the war. Sherman was proposed for the presidency in 1884. He said, "If drafted, I will not run; if nominated, I will not accept; if elected, I will not serve."

Washington Irving was an 18th century American author who wrote *The Legend of Sleepy Hollow* and *Rip Van Winkle*. James Fennimore Cooper was an early 19th century author who wrote *Last of the Mohicans* and *Natty Bumppo*. Robert Fulton, the inventor, is dealt with on the back of the \$2 Educational Silver Certificate.

John C. Calhoun was huge. Had he been a Union politician he would be on a Union note, but Calhoun was from South Carolina and advocated slavery, states rights, limited government and nullification. He was the leading southern politician from 1820 to 1850. In the 1820s Clay, a westerner, also renounced nationalism in favor of states rights. Clay was part of the 'great triumvirate' of Webster, Clay and Calhoun.



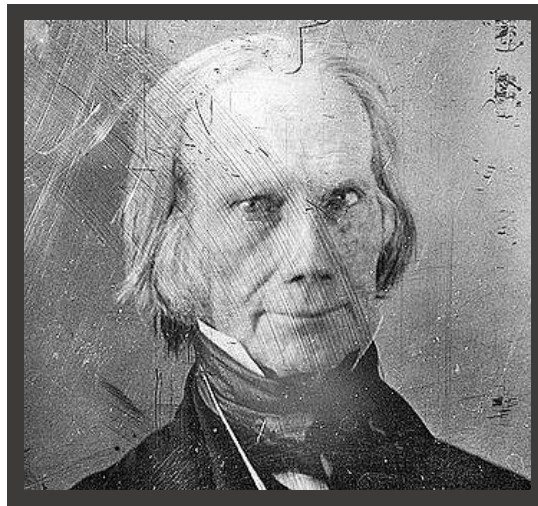


John Caldwell Calhoun from T 41 Confederate Note fourth issue, Keatinge and Ball.

Calhoun was born in 1782, studied law in Yale and was admitted to the South Carolina bar at age 25. He was elected to congress in 1810 and was pro-war with England. After the war of 1812, he and Clay favored tariffs to build industry, national banks and infrastructure. As secretary of war in 1817-1825, he tried to help Indians but Congress rejected his reforms, so he created the Bureau of Indian Affairs (BIA). He felt Indians were inferior and early on felt they should integrate into white civilization, although by 1817 he felt they should move west. The Bureau of Indian Affairs established forts and trading posts in the West designed to monopolize the fur trade against the English.

He was pro-slavery but knew it could split the Union, so pushed the Missouri Compromise. The compromise, passed in 1820, admitted Missouri as a slave state and Maine as a free state and prohibited slavery in the Kansas and Nebraska Indian territory. Calhoun was a nationalist and became vice president under John Quincy Adams in 1824. However, he felt Adams was a selfish power-monger so switched in 1828 to run as vice president for Jackson. He then butted heads with Jackson after the 'tariff of abominations' in 1828 and turned from nationalist to states' rights advocate with his doctrine of nullification.

Calhoun's wife organized Jackson's cabinet wives against Peggy Eaton, wife of the secretary of war, for her adultery (the petticoat affair). He published disputing correspondence between him and Jackson. Soon, Jackson's cabinet resigned en masse. Calhoun also resigned and became a senator for South Carolina, where he led the pro-slavery movement in the 1830s and 1840s. He said all societies had a class structure and that southern slave owners cared for their slaves in sickness and old age much better than Europe and New England cared for their oppressed laborers. He produced the compromise of 1850 with Henry Clay to keep slavery going, thus sowing the seeds of secession. The compromise of 1850 admitted California as a free state and allowed newly opened territories to decide on slavery for themselves. Calhoun died of tuberculosis in Washington soon after the 1850 compromise was passed.



Henry Clay by Mathew Brady.

Henry Clay (1777-1852) was a successful lawyer and prominent Kentucky representative and senator. Called ‘the great compromiser’ and ‘the great pacifier,’ he founded the Whig Party, with its national bank and American system of tariffs to protect industry and pay for infrastructure. Whigs were the forerunners of Republicans. He was pro-West expansion and pro-slavery. He was part of the ‘great triumvirate’ who largely controlled Congress from 1825 to 1850. The five greatest senators of all time were named by a 1957 committee headed by John Kennedy as Calhoun, Clay, Webster, Robert Taft and Robert LaFollette. Clay was instrumental in the Missouri compromise of 1819-1821 and the compromise of 1850.



Boston lawyer John Adams (1735 – 1826).



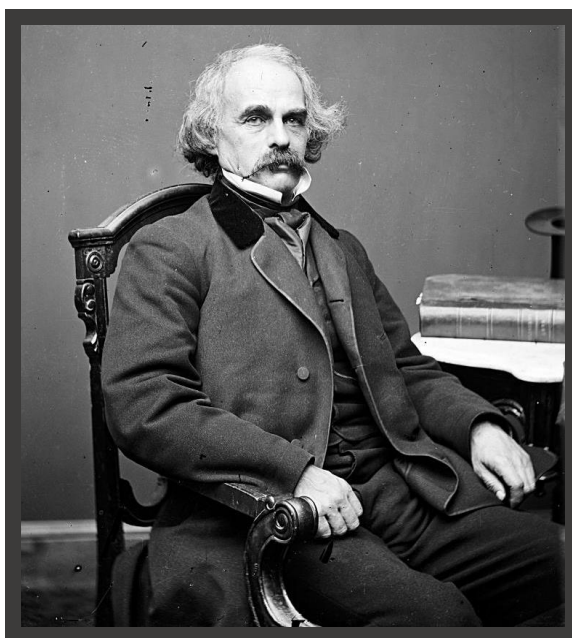
Commodore Matthew Perry.

The next wreath belongs to Adams, either John or John Quincy, but presumably John Adams, the second president of the U.S. Adams wrote four articles attacking the Stamp Act of 1765. He became a leading revolutionary against British and was on the committee that drafted the Declaration of Independence. During the revolution, he was a diplomat in France and Holland, from whom he tried to get loans.

He was the first vice president, then second president as a Federalist. Relations with France went downhill with the French Revolution. When Adams tried reconciliation, he was insulted in the 'XYZ Affair,' leading to an undeclared naval war with France. Adams felt war was counterproductive, but outraged people by signing the Alien and Sedition Acts of 1798. Defeated for re-election by his old friend and foe Thomas Jefferson, he later renewed a life long friendship with him. They both died on July 4th 1826 on the 50th anniversary of independence. Adams is not depicted on any federal currency, but his son J.Q. Adams appears on a \$500 Legal Tender (3 known).

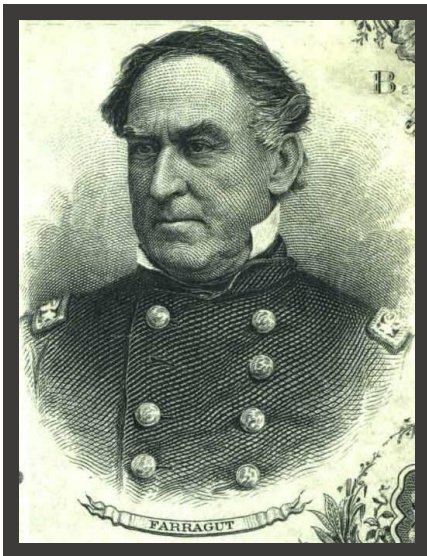
Commodore Matthew Perry and Commodore Oliver Hazard Perry were brothers. Oliver Hazard, born in 1785, was the 'hero of Lake Erie,' defeating the British fleet in the War of 1812. He died of yellow fever in 1819 on the Orinoco River in Venezuela. Matthew, born in 1794, was famous for opening Japan to the West. In 1822, he sailed to Key West commanding the Schooner *Shark*, claiming Key West as U.S. property, after businessman John Simonton bought it. Perry was the father of the steam navy and organized the first corps of naval engineers. In 1840, he was made commodore and in 1843 commanded the African Squadron to interdict slave trade. In 1847 he participated in the siege of Veracruz during the Mexican-American war.

In 1853 Perry landed at Edo- modern Tokyo bay- refusing to leave until the Tokugawa Shogunate accepted a letter from President Fillmore. He returned in 1854 for the answer, which was favorable, thus opening Japanese trade to the West. He carried with him some 1854 gold dollars minted at the new San Francisco mint as gifts. The Japanese could not resist Perry's modern bombarding ships as it had done with previous Western ships. In 1855, Perry retired as a rear admiral but died in 1858 from alcoholic cirrhosis.



Nathaniel Hawthorne (1804-1864), above, was called the father of the American psychological novel. He was born in Salem, Massachusetts, a descendant of Puritans, and at Bowdoin College was a contemporary of Henry Wadsworth Longfellow. He lived in reclusion. His famous novels were *The Scarlet Letter* and *The House of the Seven Gables*, both dissecting the psyche of Puritan personalities. In later life, he married illustrator and transcendentalist Sophia Peabody. Sophia was also reclusive and almost bedridden with migraines until she married Hawthorne. Hawthorne was quite friendly with President Franklin Pierce.

George Bancroft (1800-1891) wrote a ten volume *History of the United States*. Largely unread today, the first volume of his history created a sensation in 1834 in that it suggested the U.S. Government was divinely inspired! As a child prodigy, he graduated from Harvard at 17. As a Democrat, Polk appointed him secretary of the Navy in 1845-1846, where he founded the U.S. Naval Academy. From 1846 to 1874, he was a diplomat. Nowadays he is passé.



Admiral David Glasgow Farragut (1801-1870) became a midshipman at age nine and received his first command at 23, but for 36 years saw no action until the Civil War. He was assigned to block the rebel coast along the Gulf of Mexico. Daringly, in 1862 he ran his fleet past the New Orleans' forts and occupied the city, sealing off the mouth of the Mississippi to the Confederacy. In 1864, he also took heavily guarded Mobile, Alabama. Sailing past a string of mines, then called torpedoes, he climbed onto the rigging and shouted, "Damn the torpedoes; full speed ahead!" He was the first promoted to vice admiral in 1864 and was promoted to admiral in 1866.

Ralph Waldo Emerson (1803-1882) was born in Boston, educated at Harvard and became a pastor, although he had doubts. America was looking inward rather than to Europe for intellectual inspiration. His first book was the philosophical *Nature*, and it drew him into transcendental circles with Thoreau, Alcott and Hawthorne. In a Harvard address, he embraced American self-reliance, eschewing the dead cultures of Europe and later rejected religion. He soon also rejected slavery. He summed up his doctrine as 'the infinitude of the private man.'



Closeup views of the stone base of *History Instructing Youth*.

The face of the \$1 Silver Certificate shows *History Instructing Youth* pointing to the Constitution, sitting on a massive neo-classical marble slab upon which is written the information for the notes. In the distance is Washington, with the Houses of Congress in the background and the Washington Monument in the foreground. Made of marble, sandstone and granite, it is the tallest obelisk and stone structure in the world at 555 feet. Begun in 1848 and finished in 1884, it was the world's tallest structure until the Eiffel tower was built in 1889.



Closeup of the Washington Monument and four different \$1 counters engraved on the \$1 Educational Silver Certificate.

In the four corners are four different styles of counters. Previously, counters were designed with a lot of mechanical lathe work but a new era of design had started in the BEP and individually designed counters were used. Unfortunately, the experiment did not work, as we shall see. The reverse of the one-dollar Silver Certificate shows Martha and George Washington engraved, respectively, by Charles Burt in 1878 and Alfred Sealy in 1867. The back is surrounded by geometric lathe work, perhaps because Chief Engraver Thomas F. Morris wanted it present as an anti-counterfeit device.



Closeup of Martha and George Washington from back of \$1 Educational Silver Certificate.



JT 32 \$2 Educational Silver Certificate of 1896 *Science Presenting Steam and Electricity*, Fr #248, VF 30, Accession # 990.

This note is the second of the renowned Educational Series of \$2; 421 are known for this variety. In 2012, 568 are estimated, with 1,292 for the type. Values are \$950 in F, \$1,500 in VF, and \$3,500 in EF. It is signed by Bruce and Roberts with a small red rays seal. B&S # 11.

The face was engraved by Charles Schlecht and G.F.C. Smilie after the figure designs by Edwin H. Blashfield for a \$50 note, but the background was adapted by Chief BEP Engraver Thomas F. Morris. They depict *Science* (center standing) *presenting Steam* (child standing right) and *Electricity* (child standing left) to *Science* (adult sitting right) and *Industry* (adult sitting left). The note symbolized modern science, especially electricity, just like the \$5 note. The back depicts the heads of Robert Fulton on the left by Charles Burt, and Samuel Morse on the right by Charles Schlecht. However, Friedberg attributes both to engraver Lorenzo J. Hatch. In either case, the engraver chooses his subjects- both Fulton and Morse were accomplished artists!



Detail from Schlecht's engraving of the face of the \$2 Educational Silver Certificate of 1896.



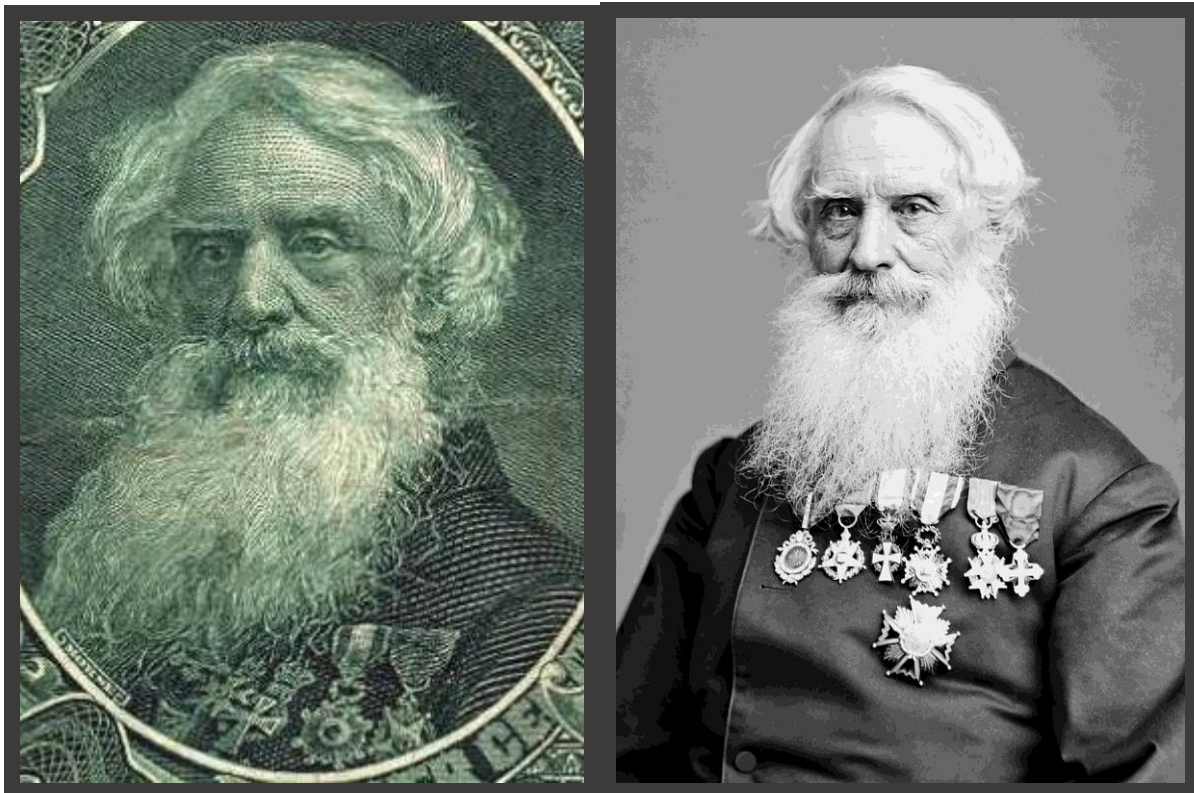
Robert Fulton from back of \$2 Educational Silver Certificate and from Library of Congress prints.

Robert Fulton (1765-1815) was as a child expert at drawing, inventing and gunsmithing. At age 20, he was a successful portrait painter in Philadelphia. At 21, he went to England to study painting, where he met the Virginia inventor Rumsey who had made steamboats. The next year, Fulton proposed steamboat plans for the U.S. and British governments.

In 1797 he went to France, where he developed the submarine 'Nautilus,' which he abandoned for lack of support. In France he met Robert Livingstone, U.S. Ambassador to France, whose daughter he married, and who gave him in 1807 the financial backing to build the first commercially successful steamboat (The Clermont) carrying passengers between New York City and Albany. The canal era had begun. Fulton died at age 50.

Samuel Morse (1791-1872) studied painting at Yale and in England. Trained by Benjamin West in England, he was admitted to the Royal Academy at age 20. Morse founded the Academy of Design in New York City in 1826 while he was professor of painting at New York University. On a sea voyage from Europe in 1832, a conversation aboard ship sparked his interest in telegraphy. In 1837, Wheatstone had completed a needle telegraphy system using multiple wires, which was adopted in England. In 1838, Morse completed a model telegraph system using a single wire, and then added relays when the signal weakened over a distance.

In 1844, the U.S. government financed an experimental telegraph line between Baltimore and Washington. It transmitted from Baltimore to Washington the news of the Whig Party's nomination of Henry Clay for president. But the government refused to buy his invention, so Morse made a fortune with his own company, Magnetic Telegraph Company, with its lines radiating from New York City to Philadelphia, Boston, Buffalo and Mississippi. He received a patent for the telegraph in 1847 and travelled to Denmark and Turkey to promote a system that was adopted in Europe. But late in life he suffered the usual inventors curse: repeated lawsuits to protect his patents. Morse was anti-Catholic. He tried to unite Protestants against Catholics. He also wrote a treatise, *An Argument on the Ethical Position of Slavery*, supporting American slavery as divinely sanctioned.



Left: Samuel Morse from \$2 Educational Silver Certificate, right: from Mathew Brady photograph.



JT 33 \$5 Educational Silver Certificate of 1896, *Electricity Presenting Light to the World*, Fr #269, VF 30, Accession # 1137.

This note is the third of the renowned Educational Series of \$5; 245 are known for this variety. In 2012, 319 are estimated, with 1,100 for the type. Values are \$1,475 in F, \$2,850 in VF and \$5,000 in EF. It is signed by Bruce and Roberts and has a small red rays seal. B&S # 5. The face was engraved by G.F.C. Smilie after the figure designs by Walter Shirlaw

for a \$50 educational note (never produced). The background was adapted by Chief BEP Engraver Thomas F. Morris. The back depicts the heads of Ulysses S. Grant on the left and General Philip Sheridan on the right, both attributed to engraver Lorenzo J. Hatch. The remainder of the back was also executed by Thomas Morris.

The Educational Series of 1896, released in 1897, was a renaissance of the BEP to showcase the art of engraving. Starting in 1893, BEP Chief Claude M. Johnson together with Chief Engraver Thomas F. Morris, decided on muralists Edwin H. Blashfield (who also designed murals at the World's Columbian Exposition), Will H Low, C.S. Reinhart and Walter Shirlaw to design the new series. They announced an \$800 commission for each design (perhaps equivalent to \$50,000 today). Low's *History Instructing Youth* was accepted for the \$1 design; Edwin H Blashfield's design of the \$50 note was accepted with Morris' modifications for the \$2 note.

For the \$5 note, Shirlaw designed *Electricity Presenting Light to the World*, also known as *Electricity as the Dominant Force in the World*. Winged Electricity holds an electric lamp high over America powered by a bolt of

lightening from Jupiter, emblematic of force, from the left. Jupiter's chariot is also controlled by horses using bolts of lightening. To the left of Electricity is Fame, representing America's progress, trumpeting America's achievement to the world. To Electricity's right is a Bald Eagle guarding the Western Hemisphere. The U.S. Capitol is behind the eagle. Also behind the eagle is Peace, with her hand with dove held high. The \$5 design was modified by Chief Engraver Morris. On the back was the usual geometrical lathe work designed by Morris, with portraits of Ulysses S. Grant and General Philip Sheridan by Lorenzo Hatch. On the face, the central winged female bore, not unexpectedly, an uncanny resemblance to Chief BEP Engraver Thomas Morris' wife.

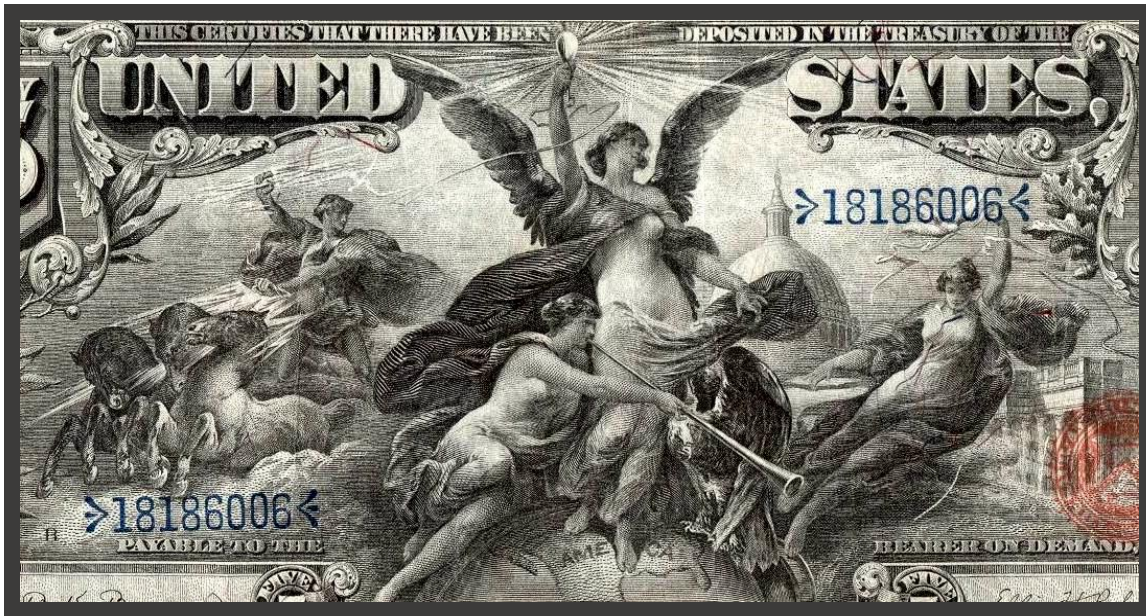
In 1896, when the note appeared, electricity held the same newness and opening for possibilities as did the space race of the 1960s. Houses were being wired and the telephone was replacing the telegraph. Although arc lights were used in public places and factories, they were associated with a well-known fire risk and would soon be replaced by the incandescent bulb invented by Edison in 1880. However, to bring the incandescent bulb to the masses, an electrical grid had to be created, which was organized in 1890 as the Edison Electric Company. In 1892, J.P. Morgan arranged a merger with the Thomson-Houston Electric Company to form General Electric.

In 1893, the World's Columbian Exposition also showed off electricity and gigantic neo-classical buildings. When the fair opened, the president of the U.S. hit a gold Morse code key that switched on the lights to the entire fair- a fantastic sight. There had been lights before at the Eiffel Tower, but the lighting at the Chicago fair was multiples brighter and better. Thomas Edison, the true hero of electricity, could not be depicted on the back because he was still living. At the Columbian exposition, the electricity was not just wired: it was in the air. At night, young couples climbed the stairs to the top of buildings to balconies to see the romantic lit up panorama that went on for more than a mile. Although a financial panic raged at home, America was the world's showcase for technology, attracting the wealthy worldwide. So, electricity was the latest thing and an appropriate subject for the new \$5 note.

Fabulous though the art of Shirlaw was, Anthony Comstock, a religious fundamentalist and fanatic, had other ideas. Electricity had one bare breast. Comstock was secretary of the Society for Suppression of Vice and pressured the new Secretary of the Treasury Lyman J Gage to withdraw such 'obscene' notes. Sure enough, by 1899 new notes replaced them. The bare-breasted \$5 note was labeled as 'banned in Boston.' The public loved the artwork but bankers, used to easily seen counters, wanted something easier to spot. Also, because of the density of ink work, some complained that the face of the notes got smudgy and was difficult to tell from a forgery. BEP designers stepped in to address these issues. But the new Secretary of the Treasury Lyman J Gage, an ex-banker, nixed the notes in 1897.



The Court of Honor and the Grand Basin at the World's Columbian Exposition of 1893.



Detail of Shirlaw's *Electricity Presenting Light to the World*- the note that started the fight!



Anthony Comstock (1844-1915), above, was an extreme anti-obscenity crusader. In 1873, he created the New York Society for the Suppression of Vice, and amazingly influenced Congress to pass the 'Comstock Law,' which made illegal the delivery or transportation of obscene, lewd or lascivious material or anything to do with birth control. Comstock was a U.S. postal inspector and was made a special agent of the U.S. Postal Service with special police powers. Comstock even prohibited anatomy textbooks being mailed to medical students. He was said to have destroyed 160 tons of printed material!

Comstock claimed he drove 15 people to suicide and arrested 4,000 people. J. Edgar Hoover studied his successful methods. Needless to say, Comstock cultivated many enemies. He received a severe head injury from one of them, which affected him in later life. Margaret Sanger, the founder of Planned Parenthood, was arrested under the Comstock Law but jumped bail and fled to England in 1914. Sanger returned in 1915- the year Comstock died. She opened the first family planning clinic in Brooklyn in 1916.

A \$10 note was also designed by Walter Shirlaw and entitled *Agriculture and Forestry*. It was executed by engraver Charles Schlecht. On the right is a female emblematic of the South with a large jug of wine and bunches of grapes. On the left is a youth emblematic of the West with two doves for peace. The standing female represents agriculture and the standing male in a Tarzan outfit represents forestry. They are both standing in waves. Legislation in 1886 never provided for its issue. The series is labeled series of 1897, but was never issued. The engraving was re-issued for the ANA show in Bal Harbor, Florida in 1974.



Proposed but never issued Educational \$10 Silver Certificate designed by Walter Shirlaw entitled *Agriculture and Forestry* and executed by engraver Charles Schlecht.

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CHAPTER THIRTEEN

SILVER CERTIFICATES OF 1899 AND 1923

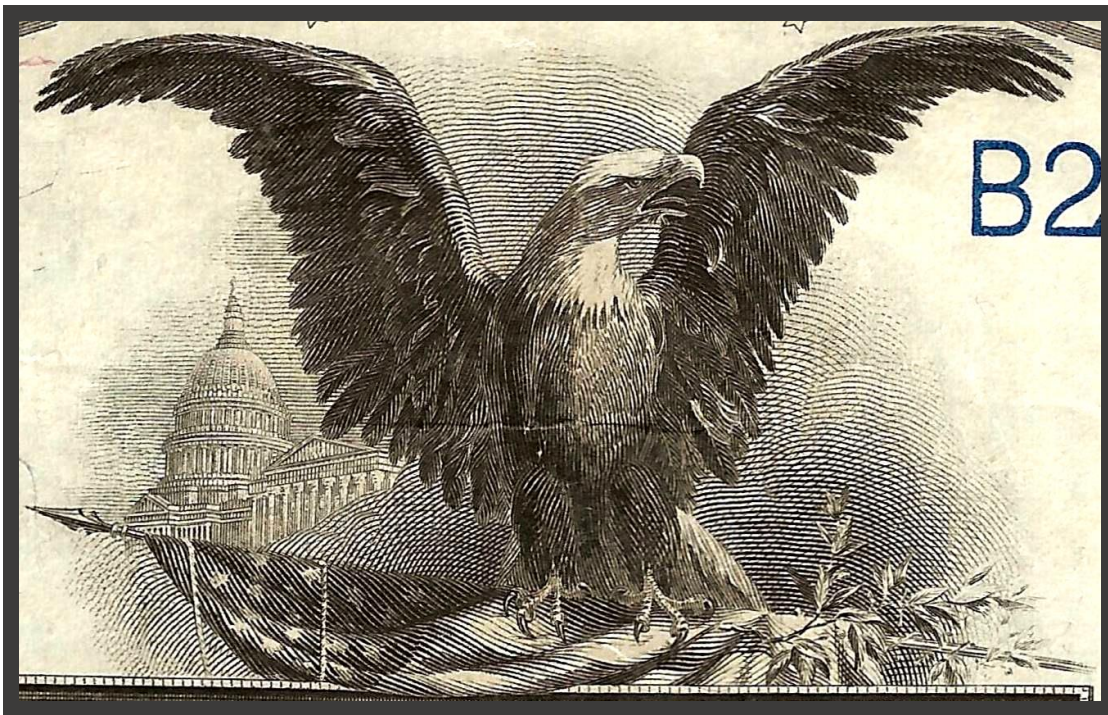
After Comstock, the BEP replaced the 1896 third issue or 'Educational Series' with the previous mould-elaborate geometric lathe work with interspersed vignettes, embellishments and scripts. This was the fourth issue. Back to the old stuff!



JT34 \$1 Silver Certificate series of 1899 'Black Eagle,' Fr 230, VF 30, Accession # 966.

This note is named for the black eagle on the face which distinguishes it from the green eagle on the back of the \$1 Federal Reserve Bank Note. With the exception of the Federal Reserve Notes, the black and green eagle notes are the commonest large sized type notes available; 460 are known for this variety. In 2012, 627 are estimated, with 7,802 for the type. Values are \$125 in F, \$165 in VF, \$225 in EF and \$550 in CU63. It is signed by Napier and McClung and has a small blue scalloped seal. Paper money values for April 2009 is \$225. B & S # 16.

1. For the first time on Silver Certificates we see the numeral 1 in blue ink. Seals and numbers had been in red or blue before, but not the denomination. The face shows a black eagle with wings spread on an American flag and with the houses of Congress in the background. There are olive leaves at the base of the flag. The eagle is atop two entwined vignettes of Lincoln and Grant. The vignette is called *Eagle of the Capitol* and was engraved by G.F.C. Smillie. It is very similar but not identical to the \$10 compound interest black eagle. The vignettes of Grant and Lincoln were also engraved by G.F.C. Smillie. He was the same engraver that did the Educational notes.



Detail of vignette *Eagle of the Capitol* engraved by GFC Smillie from \$1 Silver Certificate series of 1899.

George Frederick Cumming Smillie (called Fred) was famous for engraving the educational \$2, and \$5, the Oncpapa and bison designs. A relative, James Smillie, did the back of Gold National Bank Notes showing gold coins. As well as being the premier BEP engraver at the dawn of the twentieth century, G.F.C. Smillie also engraved for the American Bank Note Company, the National Bank Note Company and the Homer Lee Bank Note Company. He probably completed over 1,000 engravings during his professional life. The four premier U.S. engravers in history are Charles Burt (1823-1892), G.F.C. Smillie (1854-1924), Robert Savage (1868-1943) and Charles Brooks (1905-1993). According to Gene Hessler, engraving is "...a talent that only members of a small, specialized fraternity possess. Portrait engravers cut lines of varying lengths and depths into soft steel plates that were hardened by immersion. Then, under tons of pressure, a soft steel roll was moved back and forth to pick up the incised lines. This process, called siderography, created a roll with raised images. Once the roll was hardened, it could be used to make multiple plates that were precisely the same."

The back was about as bland as you can get- standard issue geometric lathe work all competently done by an expert siderographer and similar to the backs of the 1891 issues. There is a fair amount of white space. The geometric lathe work created patterns that could be reversed so that the background was black or green and the design in white. Each element was then expertly laid and merged into a printing plate by a siderographer creating the whole note. Sidero- is the stem for iron and -graphy means to draw or print; i.e. using steel to print.

By this time, of course, the great debate between the Silverites and the Gold Bugs was virtually over. These notes simply represented silver held in vaults and was a more convenient way of transacting commerce. By 1893, Treasury gold reserves had fallen below \$100 million. The threat of a Treasury default led to the panic of 1893 which lasted several years. Ultimately, in 1895 President Cleveland asked J.P. Morgan to help out. Morgan raised \$65 million in gold, which he lent to the government. The threat of a Treasury default had been averted. In 1896, Bryan made his cross of gold speech, but this was during the death throes of the Silverites. That year, gold was found in the Klondike, and in 1900 the Gold Standard Act was passed. All money was now technically backed by gold. But you could still use Silver Certificates and walk into a bank and demand the same in silver dollars. Indeed, between 1886 and 1929, the large sized silver certificates were the only \$1 notes produced. Almost 8,000 still exist today.



JT 35 \$2 Silver Certificate series of 1899 Washington in Oval, Fr 258, EF 45, Accession # 989.

This note is named for the elaborate oval wreath enclosing Washington. It is also called *Washington between Mechanics and Agriculture*. Three hundred twenty-five are known for this variety. In 2012, 479 are estimated, with 2,095 for the type. Values are \$200 in F, \$325 in VF, \$550 in EF and \$1,600 in CU63. It is signed by Speelman and White and has a small blue scalloped seal and large blue numeral 2 like in the \$1 note.



The \$2 series of 1899 was also in the previous mold- elaborate geometric lathe work with interspersed vignettes, embellishments, scripts and counters. On the left of Washington is a man emblematic of mechanics seated on an anvil, holding a hammer in his right hand, and with a cogwheel at his foot. On Washington's right is a female emblematic of agriculture who is holding a cornucopia spilling out produce in her right hand and holding an ear of wheat in her left hand. In an era of increasing U.S. industrial and agricultural wealth, this was an apposite design notwithstanding the temporary panic of 1893. All three vignettes of these notes were engraved by G.F.C. Smillie.



The layout of all three 1899 notes is similar. On the face is a central vignette, a fair amount of white space, blue numerals on the left and blue rosette Treasury seals on the right. The backs are also similar and could equally well fit into the 1891 series backs, with skilled siderographic geometrical lathe work and white space. The trio is an inferior replacement of the Educational Series trio but it satisfied Comstock and his allies.

The note below is named for Running Antelope, also called the Oncpapa note. Like the bison note, it is evocative of the West. 375 are known for this variety. In 2012, 614 are estimated, with 3,103 for the type. Values are \$525 in F, \$700 in VF, \$1,500 in EF, and \$3,500 in CU63. It is signed by Speelman and White and has a small blue scalloped seal and large blue Roman numeral "V", like the "1" and "2" notes. B & S # 10.

Herman Werner a Sergeant of Troop C, First Cavalry, Klamath Falls, North Dakota bought the photo below in 1889. The photo is owned by my wife, Ann, who collects Native American art. The photographer was D.F. Barry who started in Minneapolis in the late 1860s after the Civil War. D.F. Barry moved to North Dakota as a portrait photographer for cartes des visites. He also photographed Native Americans, one of whom was Running Antelope, Oncpapa chief (also spelled Hunkpapa) of a Sioux band.

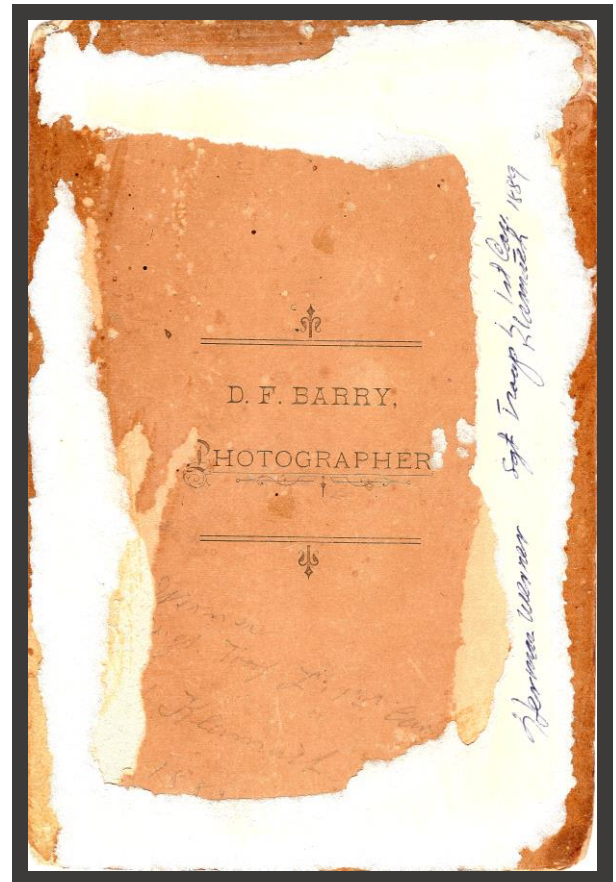
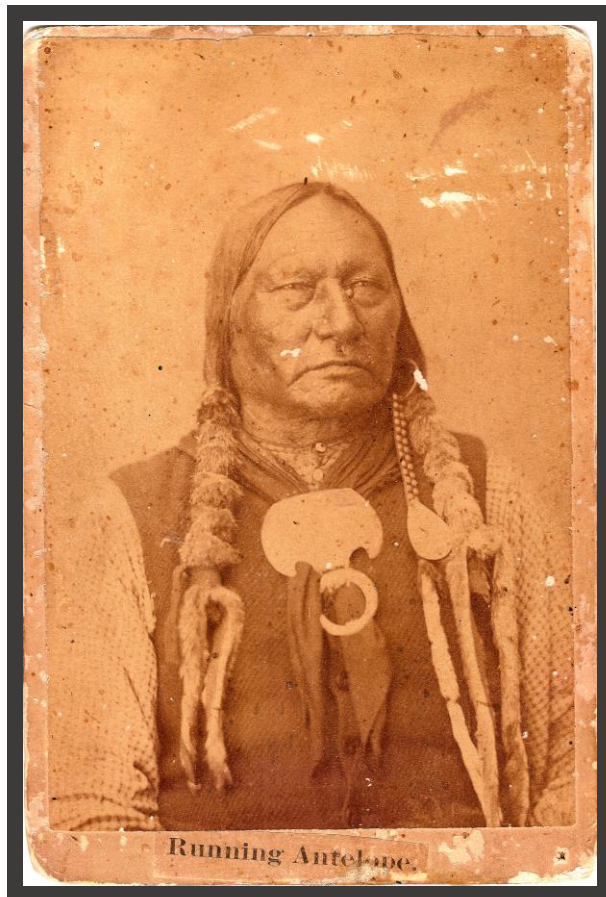
Running Antelope, born in 1821 near the Grand River (now South Dakota), died in 1896. His real name was Tatoka-inyanka, meaning Running Antelope in English. He was one of four Hunkpapa Lakota principal chiefs who acted as close advisors to Sitting Bull during the Plains Indian Wars. The photo is a large size carte de visite depicting him probably in the 1880's. He posed for B.E.P. engraver G.F.C. Smillie, refusing to wear a headdress as it was symbolic of war. However, Smillie depicted him with a Pawnee headdress that he would not have worn.



JT 36 \$5 Silver Certificate series of 1899 'Indian Chief,' Fr 281, VF 35, Accession #1459.



Another story was that his headdress with three feathers projected too high for a note image, so a BEP employee posed wearing a war bonnet of the Pawnee tribe and the headdress was cut out and superimposed on Running Antelope's photo. The Pawnee were rivals of the Hunkpapa tribe. Either way, could you imagine an engraver making a portrait of General Grant dressed in Confederate uniform because he thought it looked better! Running Antelope is wearing a peace medal in the photo but it is not known which one.



Running Antelope became chief of the Hunkpapa in 1851 and looked quite similar to Sitting Bull, as can be seen from the pictures below. Though from the same tribe and both were Hunkpapa leaders, Running Antelope was 10 years older and was believed in compromise with the whites. Sitting Bull opposed this. Eventually, Running Antelope distanced himself from Sitting Bull because of these differences. Though Sitting Bull was a Sioux holy man, because of treaty violations by the U.S. from 1855 to 1865, he led the Dakota tribe against whites. The three major divisions of the Sioux tribe were Dakota, Lakota, and Nakota. Sitting Bull, after several battles and negotiations with whites, became hardened and militant against whites. He participated in the 1862 Dakota War, Red Cloud's War of 1865-1868, and the Great Sioux Wars of 1876-1877.

In 1871, the Northern Pacific Railroad surveyed a route through Hunkpapa lands in the Dakotas. Initially, because of Sioux resistance, the railroad added federal troops but in 1873 the troops withdrew because of the financial panic of 1873 that crippled Jay Cooke and other backers. In 1874, counter to previous treaties, Lt. Col. Custer duplicitously led an expedition to expand the search for gold in the Black Hills of Dakota that were holy to the Sioux. In 1875, the U.S. government ordered that all Sioux move onto a reservation. In 1876, Custer attacked a group of Native Americans, not realizing that over 3,000 had left the reservations to support Sitting Bull, who ultimately annihilated the U.S. troops including Custer in the battle of Little Big Horn. But, although Custer was a nasty man, he was famous, and that meant that U.S. whites wanted even more to conquer Native Americans.

In 1877, Sitting Bull retreated to Canada, wisely refusing a so-called pardon to return. But in 1881, due to starvation and cold, Sitting Bull returned and surrendered with 200 Sioux. In 1885, Sitting Bull was allowed to leave the reservation

to participate in Buffalo Bill Cody's Wild West Show for four months. When he returned to the reservation, authorities were worried Sitting Bull would support the 'Ghost Dance' religious agitation movement and had him shot- another sorry episode in white history.



Left: Sitting Bull, right: Running Antelope- both Hunkpapa chiefs.

The note below is virtually the same as the 1923 \$1 Legal Tender Note except for the blue rather than red scalloped seal and one-dollar denomination. The back has the cogwheel design, so called because of the geometric lathe work around THE UNITED STATES OF AMERICA●ONE DOLLAR●; 2,670 are known for this variety. In 2012, 3,536 are estimated, with 5,647 for the type. This is a very common note. Values are \$45 in F, \$55 in VF, \$75 in EF and \$150 in CU63. It is signed by Speelman and White and has a small, blue scalloped seal.

The portrait of Washington is the one that we are all familiar with on our present one-dollar bills. It is an engraving of the Gilbert Stuart portrait of George Washington- the same as on the 1869 Rainbow Legal Tender and the 1923 \$1 Legal Tender Note. The engraving is by Alfred Sealy. On the 1869 Legal Tender, it is facing left. On the 1923 issues and modern one-dollar bill, it is facing right.

All large size notes used to be nicknamed 'horse blankets' to differentiate them from the small size notes that have been in place since 1929. Large size notes measure approximately 7 $\frac{3}{8}$ " x 3 $\frac{1}{8}$ ", or 23 square inches. Small sized notes measure approximately 6 $\frac{1}{8}$ " x 2 $\frac{1}{8}$ ", or about 13 $\frac{1}{4}$ square inches; i.e. 56% of the surface area. The 1923 \$1 Silver Certificate or Legal Tender Note is as good a candidate for the name horse blanket as any.



JT 37 \$1 Silver Certificate series of 1923 'Cogwheel' Washington, Fr 237, EF 40, Accession # 829.

The next note is called the 'Porthole Note' because of the circular design around Lincoln's head. The portrait is different from the \$10 Demand Note portrait. The \$10 demand portrait was adapted from a cabinet photo by C.S. German. The \$5 Silver Certificate portrait looks graver and is the same engraved head of Lincoln as found on modern day notes. It was engraved by Charles Burt, B & S # 30, 636 are known for this variety. In 2012, 850 are estimated. It is a one note type. It is signed by Speelman and White, with a small blue scalloped seal. Values are \$750 in F, \$1,250 in VF and \$2,000 in EF. The Great Seal of the U.S. on the back was engraved by Robert Ponickau.

Abraham Lincoln (1809-1865) was born to uneducated farmers in Kentucky. They moved to Indiana, probably because they could not prove title to their property, and again to Illinois for the same reason. At age 10, Lincoln was kicked by a horse in the forehead and was unconscious for over a day. Subsequently, his left eye tended to turn up. He apparently got headaches if he read too long. He compensated by speed reading. Whether he had post traumatic migraine extending into adult life seems unlikely. However, he did have attacks of headache and nausea, and had to lie down with cold compresses over his eyes, suggesting he was a migraineur.



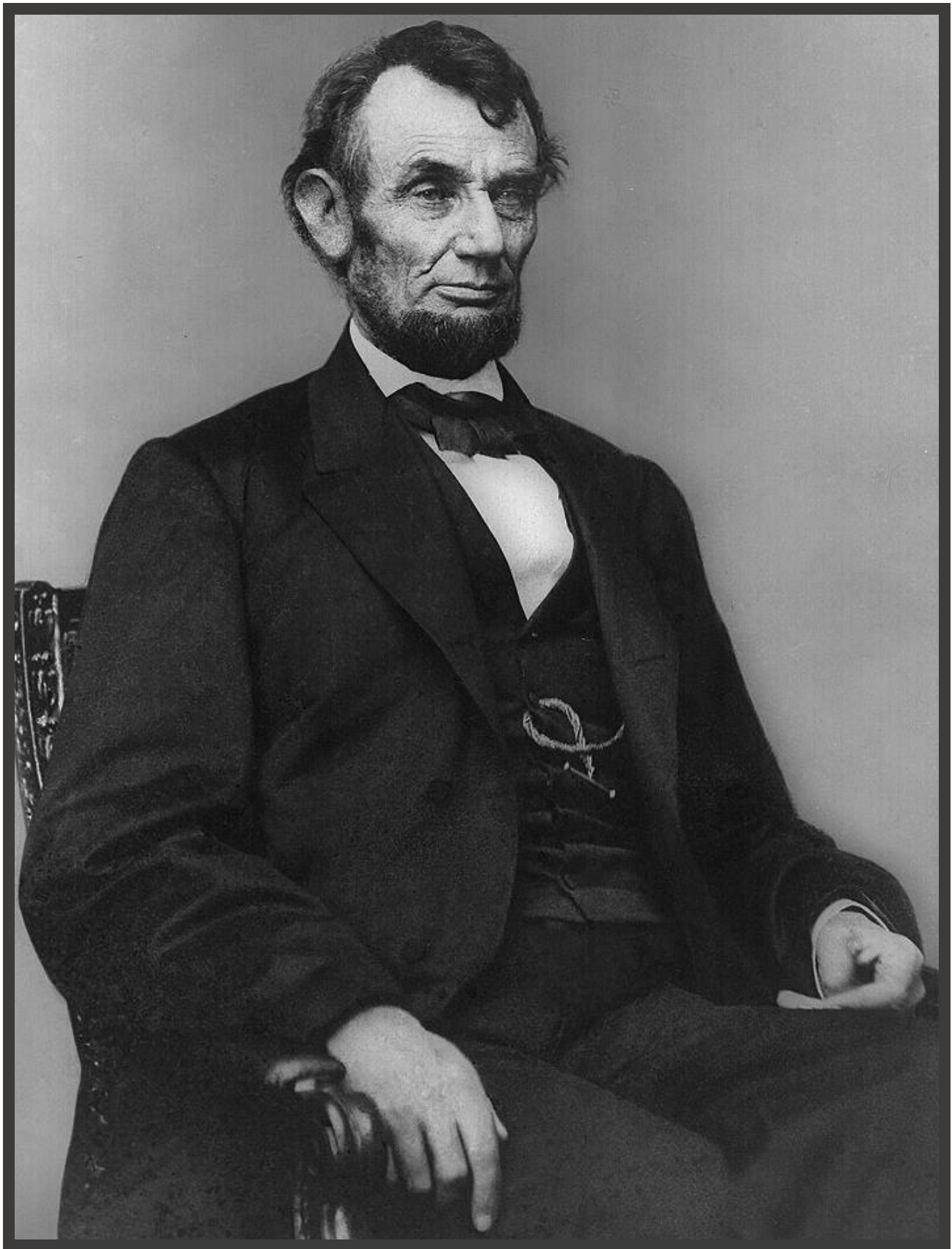
JT 38 \$5 Silver Certificate series of 1923 Lincoln 'Porthole,' Fr 282, VF 30, Accession #1390.

Lincoln grew to 6'4". He was expert with an axe and as a wrestler, but had only 18 months of formal schooling. He read avidly. At age 22, he left home and started transporting goods by riverboat. He became a captain in the Illinois militia and then ran a small store. He probably suffered from bouts of depression that he referred to as mental sluggishness. His mother Nancy died of milk sickness, caused by cows eating toxic snakeroot plants. Abe nursed her for a week until she died, and he then helped his father build her coffin. He later said, "All that I am or ever hope to be, I owe to her." He was deeply affected by her death as well as the death of his infant brother Thomas and his older sister Sarah at age 21.

At 25, he was elected as a Whig to the state legislature, where he opposed slavery. He taught himself law and qualified in 1837. But a rough childhood made him a rough adult; even his closest advisors later would call him epithets like baboon. At 26, he fell in love with Ann Rutledge, an inn-keeper's daughter, and became engaged. But she shortly died from 'brain fever,' probably typhoid, again precipitating a bout of melancholy. He once wrote of himself, "I am now the most miserable man living."



Charles Burt engraving based on Matthew Brady portrait.



Portrait of Lincoln February 9th 1864 by Matthew Brady, the basis for Charles Burt engraving.

At age 29 he courted Mary Todd, daughter of a prominent Kentucky slave holder, for almost two years. She was vivacious and popular. But he did not show up for his wedding to her in 1841! He was found agitated, depressed, and so upset that friends put him under a suicide watch for several days, keeping sharp objects away from him. Lincoln became emaciated and wrote to Dr. Daniel Drake, Dean of the medical department of the College of Cincinnati, asking for help. The doctor replied that he needed to see him. Instead Lincoln saw his friend, Dr. Antoon Henry, who prescribed rest, proper food and brandy. Dr. Henry persuaded Lincoln to resume his relationship with Mary and in 1842, at age 33 he married her. Mary was probably someone we would now describe as having a borderline personality disorder—manipulative, dependant, histrionic and moody. Others have suggested she developed schizophrenia. She went into tirades, often striking Lincoln.



Mary Todd Lincoln about 1846, four years after her marriage to Lincoln.

He was said to bear these insults with “supreme calmness and dignity.” The White House staff later said of Mary, “The hell-cat gets more hell-catical every day.” During the Civil War, she was accused of being a southern sympathizer. In those days, such descriptors as borderline personality disorder, manipulative and dependant, were many generations ahead. Lincoln just saw a vivacious, popular daughter of a prominent person that he thought was a good bet. For such a great person, this marriage was probably the biggest mistake he ever made. Lincoln compensated by becoming a paragon of mental strength, with increasing patience, self control, and intellectualization. He rejected organized religion; the Declaration of Independence was his bible. He was a liberal capitalist, pacifist and anti-slavery. However, he was constantly tried. His first son, Robert, was the only one to survive into adulthood, becoming a lawyer, diplomat and businessman. The second son, Eddie, died in 1850 at the age of four. In 1862 his third son, William, developed typhoid from contaminated water in the White House. After this, Mary took to bed for days at a time, sobbing, hysterical, and even walking in the White House nude.

Lincoln had another bout of melancholy after the horrendous casualty reports came in from the battle of Chancellorsville. He became so upset that Secretary of War Edwin Stanton refused to leave him alone. Lincoln later admitted thinking of suicide by drowning himself in the Potomac. In 1863 his fourth son, Tad, developed varioloid, a mild form of smallpox, which Lincoln caught on his way to the Gettysburg address. Afterwards, he had to rest in isolation for three weeks.

Returning to Lincoln’s earlier career, in 1847 at age 38 he became a U.S. Representative and opposed the Mexican-American War. His law partner, William Herndon, warned that doing so made him unpopular. So, at 40, Lincoln retired back to law practice in Springfield, Illinois, winning numerous cases during a long legal career. In 1854 at age 45, he again became politically active and was instrumental in founding the Republican Party. He opposed the Kansas-Nebraska Act of 1854, which repealed the 1820 Missouri Compromise’s limits on slavery. Illinois Democrat Douglas was the most powerful senator at the time and he broke with President Buchanan, splitting the Democratic Party.

Lincoln was then nominated for U.S. Republican senator in 1858, which threw him into debating Douglas on slavery. Democrat Douglas favored choice and Republican Lincoln was against slavery, saying, “A house divided against itself cannot stand. I believe that this government cannot endure permanently half-slave half-free.” Lincoln won the debates but lost the election of 1858. He was then chosen by the Republicans as their presidential candidate. His opponents, especially southern Democrats, repeatedly warned that his election would cause secession. The Republicans only really ran in the North, with virtually no southern state representation, so Lincoln was really only elected by the North.

Southern Democrats saw their rapidly declining political fortunes. Between Lincoln’s election and his taking office, seven states: South Carolina, Missouri, Florida, Alabama, Georgia, Louisiana and Texas, seceded and formed the Confederate States of America. Democratic President Buchanan did nothing to stop it. Lincoln underestimated the crisis and thought there was significant Unionist support in the South. There was not. But wisely, Lincoln decided the Confederacy must attack first. They did, a month after his inauguration, when Lincoln provisioned federal Fort Sumter in Charleston in April, 1861. Lincoln asked all states to send troops, despite Virginia and others repeatedly warning that they would not. Lincoln’s request caused four more states to secede- Arkansas, Virginia, Tennessee, and North Carolina. Missouri attempted secession in October but the state was mainly Union controlled, and in Kentucky a rump group seceded in November. Likewise, Maryland and Delaware were states of divided loyalty. They did not secede, but many citizens left to join the Confederacy. Missouri, Kentucky and Maryland were considered border states and Delaware a Union state.



General Winfield Scott General George McClellan General Henry Halleck General Ulysses S. Grant

During the Civil War, Lincoln fired a succession of generals, as they did not conduct the war aggressively: Winfield Scott, George McClellan and Henry Halleck. He settled on Ulysses Grant. Winfield Scott was relieved after Union defeats at the first Battle of Bull Run, Wilson's Creek and Ball's Bluff in November, 1861. He was too old for active duty. George McClellan lasted from November 1, 1861 to March 11, 1862. He was an ardent Democrat, openly criticized Lincoln, refused to protect Washington adequately and lost an over-cautious Peninsula Campaign to capture Richmond. Then, for four months, there was no general-in-chief but just an unofficial war board. Henry Halleck took over from July 23, 1862 until March 9, 1864. He was a good politician and administrator but not a strategist. Lincoln said he was "little more than a first-rate clerk." Ulysses S. Grant took over from March 1864 to 1869. Grant was pugnacious and agreed with Lincoln's aims- the pursuit and attrition of Lee's armies and destruction of southern infrastructure.

Other generals also were relieved of command, notably Pope after losing the second Battle of Bull Run in summer 1862, Burnside after a stunning defeat at Fredericksburg in December 1862 and Hooker after being routed at Chancellorsville in May 1863. There were a confusing number of different armies, and generals were shunted around from one army to another.

Lincoln used the "victory" (really a draw) at Antietam in September 1862 to announce the Emancipation Proclamation, which became effective in January, 1863. His famous Gettysburg address was over almost before it began. People expected hours of speechmaking, but his address was brief. Lincoln's four score and seven years ago referred to the Declaration of Independence, and that, "All men are created equal." He consecrated the ground to those who died to a new nation with government "of the people, by the people, for the people." Thus, he addressed slavery, liberty, death and rebirth. The oratorical artistry of Lincoln lay in brevity- not blind quantity.

Union losses had been huge and there were riots, especially in New York City, against the Enrollment Act to conscript more soldiers. Mainly Irish mobs attacked blacks and anti-slavery activists. A thousand people died in the riots. After the war, Lincoln was moderate in reconstruction, opposing the radical Republicans under Senator Charles Sumner, who were more vehemently anti-slavery. Lincoln had run for re-election in 1865 with Andrew Johnson, a southerner, as vice president.

Lincoln may have had Marfan's syndrome. Marfan's syndrome is an inherited disorder of connective tissue. Patients are tall with long limbs, spindly fingers and high, arched palate. It can also affect the heart valves and eyes. Others say Lincoln had Multiple Endocrine Neoplasia Type 2B. This causes multiple tumors of endocrine glands, especially the thyroid, parathyroid and adrenal gland, and may be inherited. Maybe he had neither Marfan's nor Multiple Endocrine Neoplasia. He was certainly tall and long limbed, typical of Marfan's syndrome, but Marfan's patients seldom have great strength as did Lincoln as a champion wrestler. A look at his portrait certainly does not show long spindly fingers.

He was assassinated on April 14, 1865 by actor John Wilkes Booth, who leapt onto the stage shouting, "sic semper tyrannis (thus always to tyrants)." Lincoln's son Robert had his body exhumed and re-interred in concrete in 1901 to prevent grave robbers from holding the body for ransom. After Lincoln died, his wife Mary deteriorated mentally. She

deteriorated even more after her son Tad died in 1871. She became a spendaholic. She was prescribed laudanum, an opioid, for insomnia, which caused hallucinations and may have exacerbated an underlying psychosis. By court order in 1875, she was confined to a sanatorium for the insane for a few months. She then spent four years travelling in Europe. But she had severe cataracts and could not see, so fell repeatedly, eventually suffering a spinal cord injury in France in 1879. She died shortly afterwards.

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CHAPTER FOURTEEN

GOLD CERTIFICATES

GOLD MINING

Placer mining refers to extracting pure gold dust or granules from alluvial deposits in river beds. This is done by panning or by washing through sluice boxes with crossbars called riffles. The process can also be done by a suction dredging or bucket dredging boat. Placer is Spanish for place near the river bank where gold dust is found. The resulting gold dust and particles are melted. The Spaniards and 49ers also used mercury, which amalgamates with gold particles to increase the recovery rate. The first five years of placer mining by the 49ers yielded an estimated \$270 million of gold. By the 1880s, hydraulic mining with water jets produced another \$250 million and by the 1890s dredging technology created another \$450 million.

Today, most of the world's gold is produced by lode mining. Lode mining involves extracting impure gold from rock by mining. A lode is a fissure of mineral deposit in a rock. The word lode is derived from the Anglo-Saxon word for leading the way. Gold can be extracted from the ore by grinding the rock and mixing it with sodium cyanide solution, which dissolves gold. Currently, the sodium aurocyanide is adsorbed onto carbon particles larger than the powdered gold ore. The particles are separated by a screen mesh and the aurocyanide is eluted by heating the carbon particles in an alkaline solution. A current is then passed through this solution and pure gold deposits on the cathode. There are several different methods.

The first U.S. gold rush was in Georgia in 1829. This led to the establishment of branch mints at Dahlonega, Georgia and Charlotte, North Carolina. Both mints remained in operation until the start of the Civil War, when they were both seized by Confederate authorities. Later gold rushes were the Californian gold rush (1848-1855), which led to the establishment of the San Francisco mint (1854 on), the Australian gold rush (1850s), the Fraser Canyon, British Columbia gold rush (late 1850s), the Pikes Peak, Colorado gold rush (1858-1860), the South African gold rush (1886) and the Klondike or Alaska gold rush (1896) along the Klondike river in Western Yukon, Canada.

By the 1600s, most wealthy people left their gold in the vaults of goldsmiths, receiving a receipt for it. In 1661, the Stockholm Banco produced the first government sanctioned notes backed by gold. In 1664, the Bank of England issued its first paper money, followed in 1691 by the Colony of Massachusetts. Although people today still advocate a currency backed by gold, total world gold is only equivalent to about \$6 trillion. Only about \$1 trillion is held in government gold reserves. The remainder is tied up in jewelry, industry, dentistry, collectibles, and private holdings. M1 (circulating coins, currency and checkable bank deposits) in the U.S. is over \$1 trillion, and M3 (M1 plus savings accounts, money market accounts, CDs and time deposits, Eurodollars and repurchase agreements) is over \$10 trillion.

THE GOLD STANDARD

The term gold standard means that paper notes are accepted circulating currency and are exchangeable for fixed quantities of gold. In 1717, England was the first country to adopt a gold standard, with one pound at 113 grains of fine gold. If balance of foreign payments became negative, circulating gold would decrease in the country and there would be less circulating money, which would cause deflation and thus encourage foreigners to buy goods. This was an automatic balancing mechanism for foreign trade. The United States was one of the last countries to adopt the Gold Standard officially in 1900, although it was on a de facto gold standard from 1853. Another similar standard used was the gold exchange standard, with which a country would buy or sell paper currency of another country, obviating the need for expensive transport of gold.

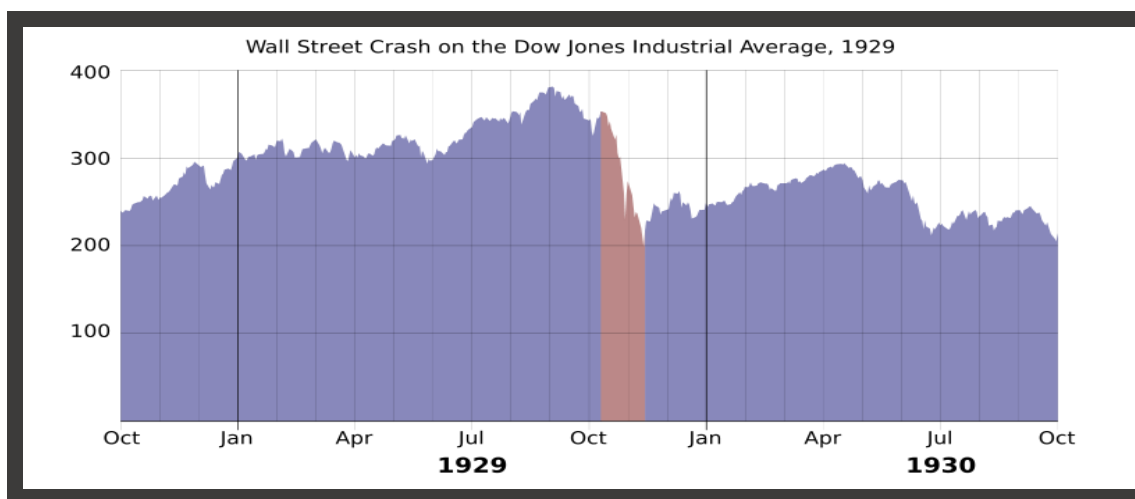
THE WALL STREET CRASH

After the First World War in 1919, the world's money supply had expanded so much that it could no longer be backed by gold. Most countries would then not export gold and printed currency un-backed by gold. Germany's post-

war printing spree caused hyperinflation. England had exported huge quantities of gold to the U.S. to pay for war supplies. As a result, after the First World War the U.S. owned half the world's gold reserves.

The Roaring Twenties was a time of prosperity, excesses and speculation, though real estate values started declining in 1925. Europe and America agreed to try returning to the gold standard in the 1920s, but in England in 1926 there was a general strike and in the U.S. the Wall Street crash occurred in 1929. The Wall Street crash of 1929 encouraged the wealthy and a group of bankers to prop up stock prices; this had succeeded in the Panic of 1907 but in 1929 it failed. In the Roaring Twenties, many average people got caught up in the stock bubble, buying stock on margin. By 1929, overall margin was about 33%, or two thirds of stocks were borrowed with money from brokers. Requirements for margin were only 10%; i.e., you could buy \$100 of stock with only \$10. The average price/earnings ratio was 32.6.

Six billion dollars was owed by stock investors to brokers, which was more than the value of circulating currency. After the crash, Congress passed the Smoot-Hawley Tariff Act, which raised tariffs from 25 to 50% and prevented Europeans selling enough goods in the U.S. to repay their war debts. Other countries to which the depression spread also passed protective tariffs, further decreasing international trade. The Pecora Commission in the U.S. Senate felt the cause of the crash could be remedied by separating commercial and individual banking, resulting in the Glass-Steagall Act of 1933.



The peak Dow Jones was 381 in September, 1929; the nadir was around 198 by November. By December, it held at the mid-200s, but in 1932 the nadir was 41. The crash was the end of a bubble and caused many businesses to close. This caused unemployment, but whether the bubble was the real cause of the depression is doubtful. There was also a severe drought in the U.S. in 1930, depressing agriculture. Although people could borrow at low rates in 1930, they did not want to. Velocity of money (gross domestic product divided by circulating currency and checking deposits) took a nose dive, unemployment rose, people lost their savings in the stock crash and banks were failing. This all led to deflation. Interestingly, most contemporary businessmen initially thought the recession was just a normal business cycle—a cause for modern day anxiety about stock market cycles.

THE GREAT DEPRESSION

Herbert Hoover launched the Reconstruction Finance Corporation and expanded federal spending in public works. After the 1929 crash, he set up the Emergency Relief Agency. But he was tainted, as the depression started during his presidency. Vice President Joe Biden's widely televised statement in 2008 that Franklin Roosevelt went on television to reassure the public after the Wall Street Crash was curious, as Hoover was president at the time and TV had not yet been invented!

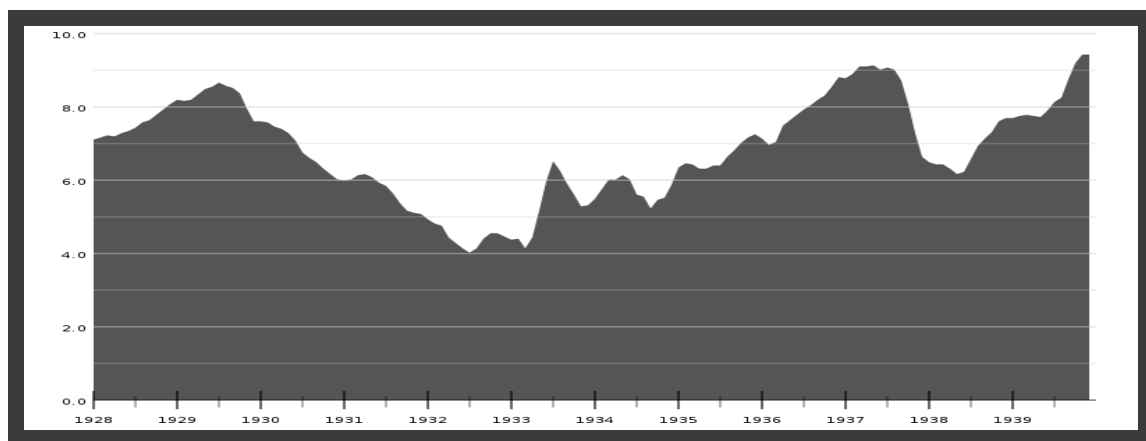
Franklin Roosevelt launched the first New Deal in 1933, which included government spending and financial reform. The Securities Exchange Act created the Securities and Exchange Commission in 1934, with the Federal Deposit

Insurance Corporation, and the Glass-Steagall Act appeared in 1933. The National Recovery Administration (NRA) made changes deemed unconstitutional by the Supreme Court in 1935, e.g. price and wage control, encouraging unions that favored increased wages, cutting farm production to increase prices and forcing businesses to set price codes. FDR created an alphabet soup of agencies: Federal Emergency Relief Administration, Civilian Conservation Corps, Agricultural Adjustment Administration, National Industrial Recovery Act, Public Works Administration, and Tennessee Valley Authority.

The second New Deal was launched in 1935, adding social security and a jobs program for the unemployed called the Works Progress Administration (WPA). Unemployment was 25% when FDR came to the Presidency in 1933, 14% in 1937, 19% in 1938, 17% in 1939, and 15% in 1940. With the Second World War economy, it fell to 1.9% by 1945. From 1950 to the present it has averaged 4 to 7%. It seems, therefore, that it was really the war economy and not FDR's programs that put an end to the depression.

Observers argued that the New Deal was a very anti-business-expansion from 1935 to 1937 and encouraged massive strikes. It also threatened massive anti-trust legal attacks on large corporations, but these problems fizzled as the CIO and AFL unions started fighting each other in 1938. In addition, FDR cut 500,000 veterans and widows from the pension rolls. But veterans with the help of Senator Huey Long passed the Bonus Bill- a welfare bill for World War I veterans. Huey Long was Louisiana governor and later a U.S. senator who opposed FDR and became a demagogue. He was assassinated at age 42.

Industrial output, shown in the graph below, fell by about 50% although, because of deflation, dollar measurement of this would not have reflected the actual production. The actual causes of the depression are complex and subject to differing opinions.



Industrial output in the U.S. 1928-1940. The units on the left do not represent money but production.

The two main types of political economists are the neoclassical (modern day Republican), and Keynesians (modern day Democrat). Neoclassical economists say that money supply is paramount. After the crash, people would not borrow or spend and this decreased the velocity and supply of money, leading to deflation. The Federal Reserve did not act because its credit was limited by law to partial gold backing and it was already strained by backing Demand Notes. Thus, money supply shrank by 30% from 1929 to 1933. If the Federal Reserve had propped up the banks, there may have been a recession rather than a depression.

The structuralists, especially the Keynesians, felt the cause was under-consumption from deflation and panic, overinvestment from the economic bubble driving up money and prices and the failure of industries and 9,000 banks. The key to solving the problem was for the government to seize more of the economy to stimulate consumption, regulate to prevent economic bubbles (e.g. margin requirements for stock, deposit requirements for a house), insure bank deposits and shore up failed banks by being the lender of last resort.

THE DUST BOWL

There were other factors that helped cause the depression: the drought of 1930, the dustbowl of 1930-1936 and the inequitable distribution of wealth in the 1920s. The dust bowl was caused by severe drought and decades of farming without anti-erosion techniques like crop rotation. It denuded parts of Texas, Oklahoma, New Mexico, Colorado and Kansas. Deep plowing of Great Plains topsoil removed the natural shortgrass prairie, the roots of which had kept the topsoil in place. The problem was exacerbated by automation, which markedly increased the area cultivated.

The area affected was normally semi-arid but, by a climatic quirk after the Civil War, there was a lot of rainfall. This led people to the erroneous conclusion that “rain follows the plow.” But this wet period ended in 1930, coincident with the Great Depression. The topsoil simply blew away, causing terrible dust storms that once even colored New England’s snow red. The dust bowl displaced about half a million people, who often travelled to California or elsewhere to work as fruit and crop pickers at starvation wages. Steinbeck’s poignant *Grapes of Wrath* dramatized the plight of one such family. In 1933, Interior Secretary Harold Ickes established the Soil Erosion Service. Dust bowl farmers were reluctant and, although erosion was reduced by two thirds by 1937, the rainfall was insufficient for crops.

Others say the two central causes of the depression were massive intergovernmental debts, especially German war reparations, and restoring the gold standard, which European governments had suspended during the First World War. Britain owed the equivalent of \$0.8 trillion and France owed the equivalent of \$1.4 trillion in present dollars after the First World War. In 1928, U.S. interest rates rose and other countries had to follow suit or risk losing investors. Europe and the U.S. were so full of debt and so interconnected that when the first crack appeared, all countries fell apart. There was a credit collapse. Fast forward to 2009 and people had the same worries about the credit collapse.



Left: Dorothea Lange’s famous 1935 migrant mother- Owens Thompson, a destitute California pea picker and mother of seven children, beautiful but prematurely aged at 32, in Nipomo, California. right: dust storm in Stafford, Texas.

OVERALL VIEW OF THE CAUSES OF THE GREAT DEPRESSION:

Distress selling → decreased asset prices → deflation → debts become relatively more expensive → public won’t spend or borrow → decreased money supply → no money available for investment → farming prices fall by 60%.

Decreased business net worth valuation → can’t borrow → bankruptcy → decreased output 50%
→ decreased employment by 30%.

Pervasive loss of confidence exacerbating all of above → **protective tariffs** → decreased international trade.

Externalities: drought & Dust Bowl → reduced agricultural production & unemployment (½ million displaced).

FDR was inaugurated in March 1933 during his brave and continuing fight with polio. He blamed the depression on the bubble caused by big business. He felt the solution was to increase business taxes and empowering workers. But also in 1933 Prohibition was repealed, yielding an enormous surge in popularity for FDR. Previously, alcohol was only available by prescription:

The image shows two versions of a 1933 liquor prescription form. The left version is a 'LIQUOR PRESCRIPTION STUB' with a red number 'E378812' and a red '97' at the bottom. The right version is a 'PRESCRIPTION FORM FOR MEDICINAL LIQUOR' with a red number 'E378812' and a red '97' at the bottom. Both forms have fields for patient information, prescriber information, and a large 'ORIGINAL' watermark.

Prescription form for use during prohibition.

THE 1933 EXECUTIVE ORDER

In 1933, FDR felt that having gold-backed money limited the money supply, so he decided that faith in the government should be the only backing for notes. In order to effect this, he had to be sure that there would be no hoarding of gold. He was cognizant of Gresham's law that bad money drives out good i.e. a flood of notes backed only by faith in the government would create an underground parallel economy of gold payments. So, it was that in 1933 FDR produced his executive order 6102.

Full detail of executive order 6102

By virtue of the authority vested in me by Section 5 (b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled 'An Act to provide relief in the existing national emergency in banking, and for other purposes,' in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section do hereby prohibit the hoarding of gold coin, gold bullion, and Gold Certificates within the continental United States by individuals, partnerships, associations and corporations and hereby prescribe the following regulations for carrying out the purposes of this order:

Section 1. For the purposes of this regulation, the term hoarding means the withdrawal and withholding of gold coin, gold bullion or Gold Certificates from the recognized and customary channels of trade. The term person means any individual, partnership, association or corporation.

Section 2. All persons are hereby required to deliver on or before May 1, 1933, to a Federal Reserve Bank or a branch or agency thereof or to any member bank of the Federal Reserve System all gold coin, gold bullion and Gold Certificates now owned by them or coming into their ownership on or before April 28, 1933, except the following:

(a) Such amount of gold as may be required for legitimate and customary use in industry, profession or art within a reasonable time, including gold prior to refining and stocks of gold in reasonable amounts for the usual trade requirements of owners mining and refining such gold.

b) Gold coin and Gold Certificates in an amount not exceeding in the aggregate \$100 belonging to any one person, and gold coins having a recognized special value to collectors of rare and unusual coins.

(c) Gold coin and bullion earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements.

(d) Gold coin and bullion licensed for other proper transactions (not involving hoarding) including gold coin and bullion imported for re-export or held pending action on applications for export licenses.

Section 3. Until otherwise ordered any person becoming the owner of any gold coin, gold bullion, or Gold Certificates after April 28, 1933, shall, within three days after receipt thereof, deliver the same in the manner prescribed in Section 2; unless such gold coin, gold bullion or Gold Certificates are held for any of the purposes specified in paragraphs (a), (b), or (c) of Section 2; or unless such gold coin or gold bullion is held for purposes specified in paragraph (d) of Section 2 and the person holding it is, with respect to such gold coin or bullion, a licensee or applicant for license pending action thereon.

Section 4. Upon receipt of gold coin, gold bullion or Gold Certificates delivered to it in accordance with Sections 2 or 3, the Federal Reserve Bank or member bank will pay, therefore, an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States.

Section 5. Member banks shall deliver all gold coin, gold bullion and Gold Certificates owned or received by them (other than as exempted under the provisions of Section 2) to the Federal Reserve Banks of their respective districts and receive credit or payment therefore.

Section 6. The secretary of the Treasury, out of the sum made available to the president by Section 501 of the Act of March 9, 1933, will in all proper cases pay the reasonable costs of transportation of gold coin, gold bullion or Gold Certificates delivered to a member bank or Federal Reserve Bank in accordance with Section 2, 3, or 5 hereof, including the cost of insurance, protection, and such other incidental costs as may be necessary, upon production of satisfactory evidence of such costs. Voucher forms for this purpose may be procured from Federal Reserve banks.

Section 7. In cases where the delivery of gold coin, gold bullion or Gold Certificates by the owners thereof within the time set forth above will involve extraordinary hardship or difficulty, the secretary of the Treasury may, at his discretion, extend the time within which such delivery must be made. Applications for such extensions must be made in writing under oath, addressed to the secretary of the Treasury and filed with a Federal Reserve Bank. Each application must state the date to which the extension is desired, the amount and location of the gold coin, gold bullion and Gold Certificates in respect of which such application is made and the facts showing extension to be necessary to avoid extraordinary hardship or difficulty.

Section 8. The secretary of the Treasury is hereby authorized and empowered to issue such further regulations as he may deem necessary to carry out the purposes of this order and to issue licenses thereunder, through such officers or agencies as he may designate, including licenses permitting the Federal Reserve banks and member banks of the Federal Reserve System, in return for an equivalent amount of other coin, currency or credit, to deliver, earmark or hold in trust gold coin and bullion to or for persons showing the need for the same for any of the purposes specified in paragraphs (a), (c) and (d) of Section 2 of these regulations.

Section 9. Whoever willfully violates any provision of this executive order or of these regulations or of any rule, regulation or license issued thereunder may be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order and these regulations may be modified or revoked at any time.



Fort Knox- completed in 1936, gold moved in 1937; depository for America's gold reserves.

The government had to store all the seized gold. Make-work programs resulted in the construction of the Fort Knox depository in 1936 and the West Point depository in 1938. Today, the total existing amount of gold in the world is estimated to be approximately 158,000 tons of which two-thirds have been mined since 1950. World governments and the International Monetary Fund hold about 30,000 tons of gold.

The Great Depression spread to Europe, Latin America and Australia, but not to Japan or the Soviet Union. It was only really the war economy that created full employment in the U.S., perhaps illustrating the Keynesian principle that the government had to become big consumers. Many feared the Great Depression would resume after the war, but massive savings, pent-up consumer demand and reduced taxes and regulations led to a successful economy after the Second World War. This permanently challenged the perennial conflict between big and small government: if government is too small a presence in the economy, it may not be able to mount a sufficient Keynesian response to future depressions. On the other hand, big government is very expensive. Can we be sure that it guarantees us protection from similar events?

Franklin Roosevelt signed the Gold Reserve Act of 1934, outlawing individual ownership of gold. Individuals had to sell it to the Treasury at \$35 an ounce, i.e. an international devaluation of the dollar by 40%. Foreigners sold even more gold to the U.S. for more dollars. After the Second World War, 44 nations met at Breton Woods, New Hampshire to form the International Monetary Fund (IMF). Each member would deposit quotas in the fund, a quarter in gold and the rest in their own currency. The IMF was designed to stabilize international monetary exchange. Each member had to buy or sell its currency if its value rose or fell more than 1%.

In 1958, the U.S. developed an increasing balance of payments deficit. In 1960, the London market price for gold rose to \$42 when the U.S. Treasury transferred \$135 million of gold to the London market. In 1961, the London gold pool started when other nations participated in stabilizing gold's price. In 1968, a two-tier system developed- the official price was \$35 an ounce but private markets could not buy from official stocks and gold had to find its own pricing level. But in 1971, President Nixon announced that foreign governments could no longer exchange money for U.S. gold. Thus, 1971 was the end of any gold backing of currency and all nations switched to fiat currency; i.e. money declared by a government to be legal tender. Almost 40 years have since passed.

Technically, Gold Certificates started in 1863 but they only really circulated with the issue of 1882. Bowers and Sunderman give fifty-second place to the first issue Gold Certificate of 1863, of which they say only six are known. Gengerke says only four are known. Hardly a collectible note! Common collectible Gold Certificates are classified according to date and denomination:

Series	\$10	\$20	\$50	\$100
4 th - 1882	----	Garfield/Ocean Telegraph	Silas Wright	Benton
7 th - 1905-7	Hillegas	Washington	----	----
9 th - 1913	----	----	Grant	----
10 th - 1922	Hillegas	Washington	Grant	Benton

Collectable Gold Certificates.

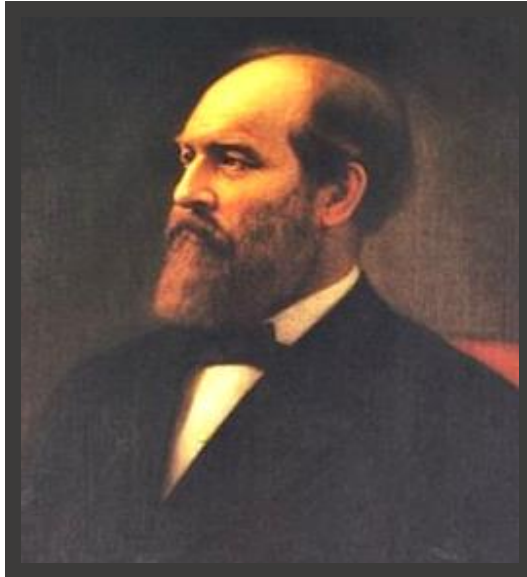


JT 39 \$20 Gold Certificate 'Garfield/ Ocean Telegraph' series of 1882, Fr 1178, EF 40, Accession #1352.

This is called the 'Garfield Note' because of its portrait of President Garfield. It is also called the 'Ocean Telegraph Note' because of the celebration on the back of the completion of the transatlantic telegraph cable. It is B & S # 95; 289 are known for this variety. In 2012, 402 are estimated, with 483 for the type. Values are \$700 in F, \$1,650 in VF and \$4,500 in EF. It is signed by Lyons and Roberts with a small red scalloped seal. *Paper Money Values* for April 2009 is \$5,000. The vignette of Garfield was engraved by Charles Burt. The ocean telegraph vignette was engraved by George D. Baldwin.

James Garfield (1831-1881) was born in Ohio and graduated from Williams College, Massachusetts after Hiram College, Ohio. He preached while teaching classics at Hiram College and became its principal at age 26. At 27, he married Lucretia Randolph. One of his sons, James, was secretary of the Interior later under Teddy Roosevelt. Garfield decided academe was not for him, so he studied law privately and was admitted to the Ohio bar at age 29. At 28, he was elected Ohio state senator as a Republican. In 1861 at 30, he enlisted in the Union army as a lieutenant colonel, although he was later promoted to major general. In 1863, he was elected to the U.S. Congress as the Republican representative for Ohio- a post he retained until 1881. In 1872, he was embroiled in the Credit Mobilier scandal, although he denied charges against him. The Union Pacific Railroad formed the company to limit liability to stockholders and get hefty federal subsidies by giving cheap shares of the stock to members of Congress, who supported the subsidies. In 1880, he ran for senator and president, winning both. He made Robert Lincoln his secretary of war.

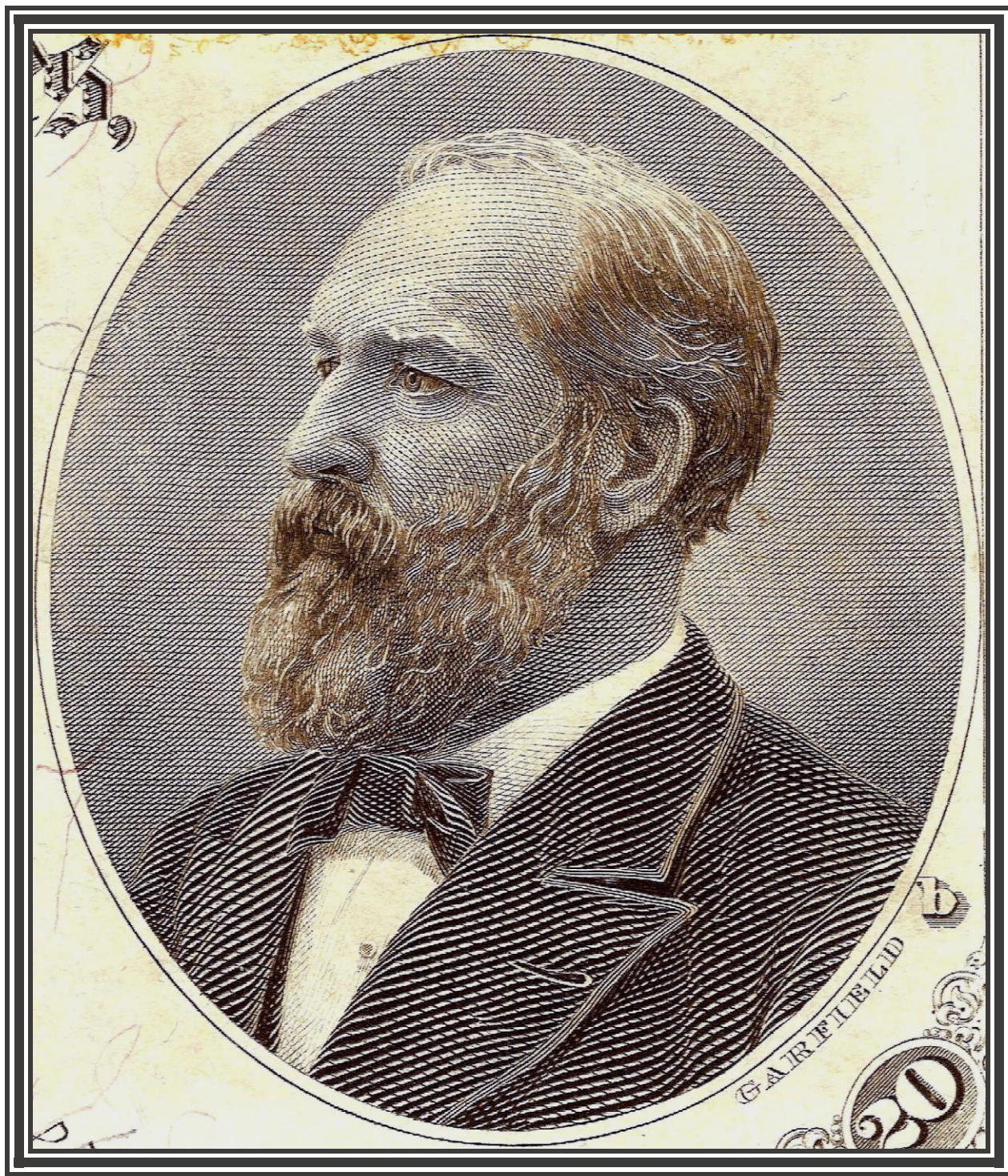
The 'Stalwart' faction of the Republicans (like Vice President Chester Arthur and New York senators Conkling and Guiteau- Garfield's later assassinator), wanted to continue the patronage system of machine politics. The 'half-breeds' faction of the Republicans, like Rutherford Hayes, Garfield's predecessor, and Garfield; were working to get civil service reform and end the spoils system. Senator Conkling demanded to become secretary of the Treasury when the Republicans got the presidency, but Garfield only gave him postmaster general and later investigated the corruption-riddled Post Office. Conkling's dissatisfaction consumed much of Garfield's brief presidency.



James Garfield from official White House portrait.



Garfield as a brigadier during the Civil War.



Detail of James Garfield vignette by Charles Burt from \$20 Gold Certificate.

Charles J. Guiteau, a 'Stalwart,' was disgruntled because he was not made U.S. consul in Paris- a job he had absolutely no qualifications for. So, in July 1881, he assassinated Garfield, a 'half-breed,' in a railroad station in Washington. After two months of agony in bed, Garfield died. Physicians probed his wounds with their fingers and this probably led to an infection in the bloodstream called Streptococcal septicemia. Presumably, he appeared on the note because he died a year before the 1882 issue and was felt to be a martyr to the cause of civil service reform.



Garfield's estate Lawnfield.

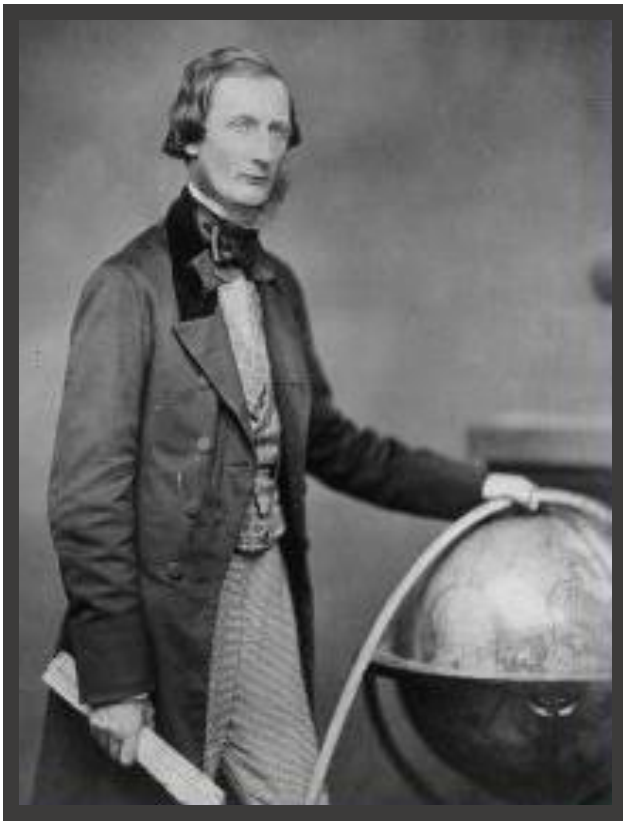


Garfield and family from Library of Congress print.

When Chester Arthur took over as president, he amazed everyone by reversing his spoils system position. Instead, he instituted civil service reform with the Pendleton Civil Service Reform Act of 1883. This established a Civil Service Commission to employ people based on merit, thereby ending the old spoils system.



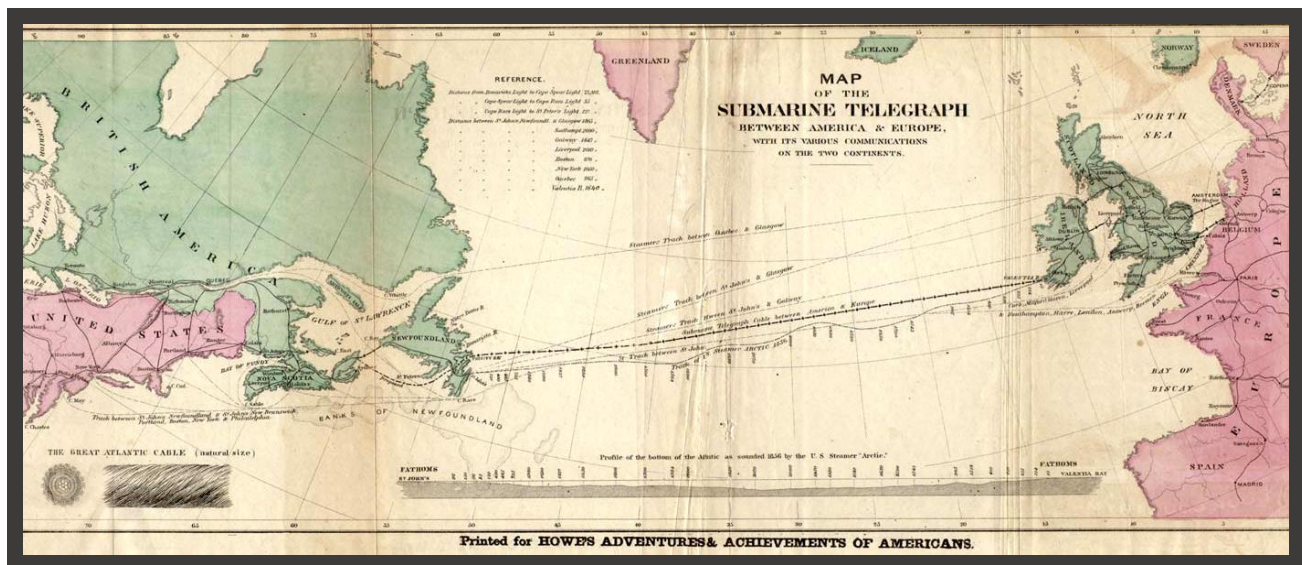
Vignette of joining the transatlantic cable on \$20 'Ocean Telegraph Note.' Notice two ships in the background.



Financier Cyrus Field by Matthew Brady, 1852.

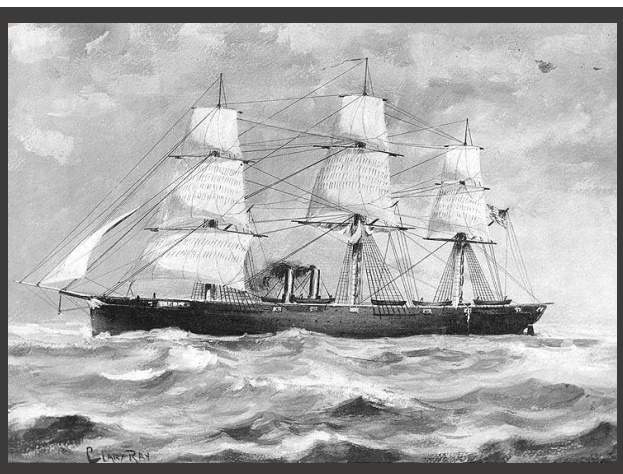
The back of the \$20 note shows an American eagle splicing two electric cables in the mid-Atlantic. In 1854, U.S. financier Cyrus Field (1819-1892) put together a team with Lt. Matthew Maury, an oceanographer, and Samuel Morse for a grand project- a transatlantic cable. Field started the Atlantic Telegraph Company, contributing a quarter of the startup capital. The British manufactured the cable, which weighed 1.1 tons per mile, loaned Field the HMS Agamemnon and gave him £1,400 per year. The U.S. Congress also gave Field a grant and loaned him the USS Niagara.

The first cable started in 1857 from Ireland but broke. The cable was grappled and repaired but it broke again. By the next summer, the Agamemnon and Niagara met in the mid Atlantic to splice their cables and run in opposite directions but they broke repeatedly. However, a second expedition was successful.

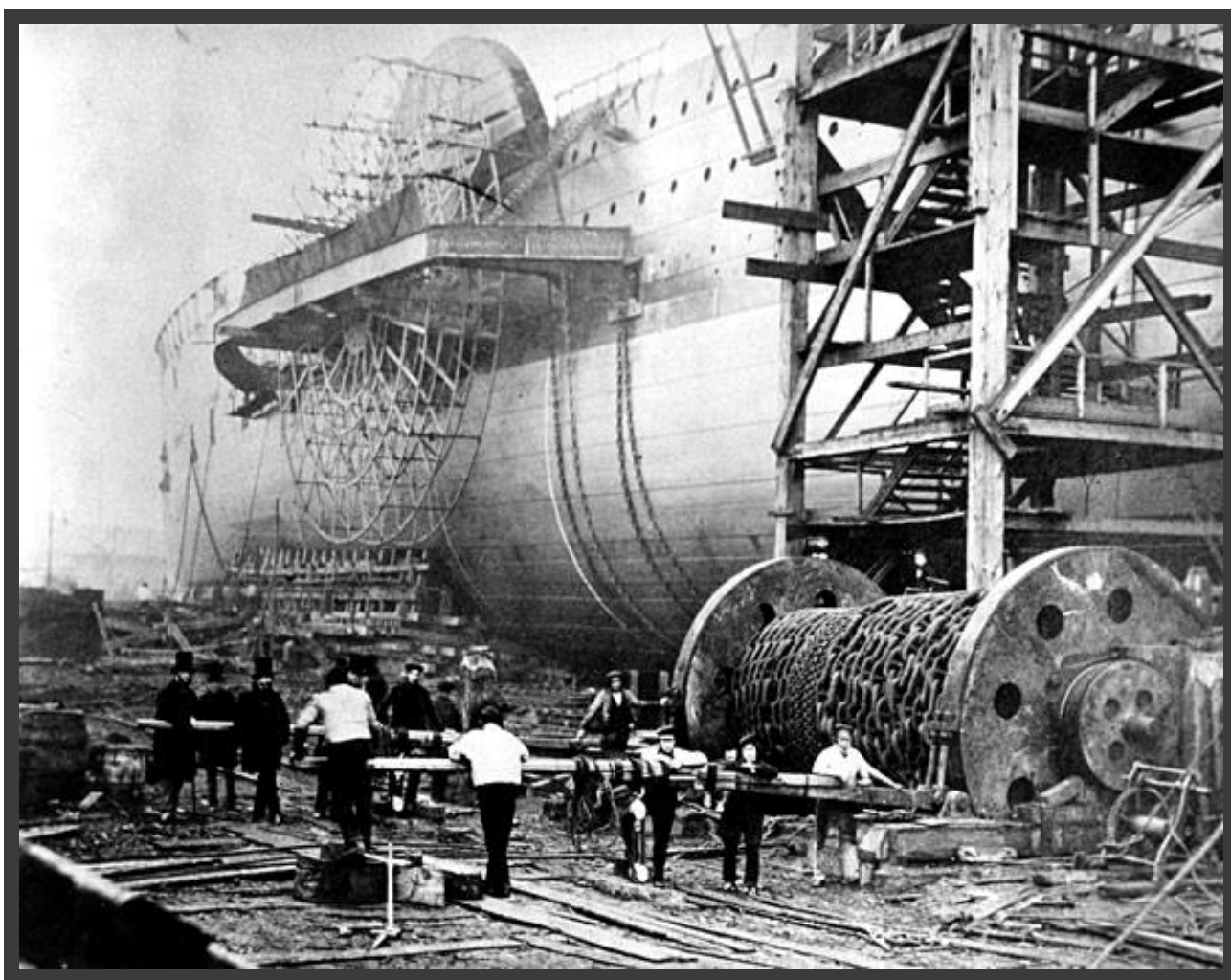


Map of transatlantic cable running from eastern Newfoundland to southwest Ireland.

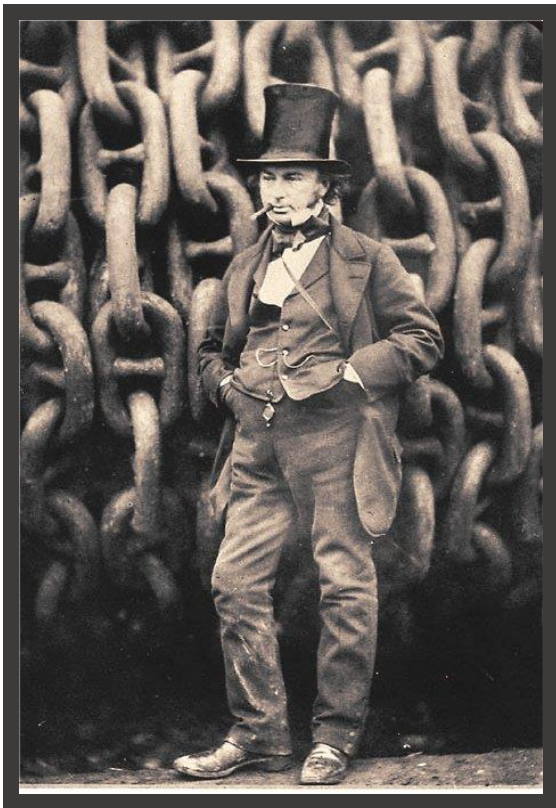
The cable stretched from Heart's Content in eastern Newfoundland to Valencia Island in southwest Ireland. Queen Victoria and President Buchanan telegraphed each other, but it took two minutes per character to transmit. There were celebrations on each side of the Atlantic but the cable functioned erratically. It still took two minutes to transmit each Morse code character. After three months, it finally stopped functioning altogether. Field was accused of fraud and fakery. The public lost confidence and Field could no longer raise the requisite money for further efforts. However, he persisted and got British contractors interested. By the end of the Civil War, the British had gained experience with Mediterranean cable, resulting in a cable weighing $1\frac{2}{3}$ tons per mile.



HMS Agamemnon 230' 3000 ton steam battleship launched 1852. USS Niagara 328' 5,500 ton steam frigate launched 1855.



The Great Eastern, the largest steam ship built in its time, before launch in 1858.



1857 Howlett photo of Brunel at Millwall against the launching chains of the Great Eastern.

The Great Eastern was the largest steam ship built at the time- over four times the size of previous ships. Built in England, it was 690 feet long, 32,000 tons and carried 4,000 passengers. Brunel, a famous British engineer and entrepreneur, visited the English Great Exhibition with its Crystal Palace in 1851 and realized America was wealthy and attractive to immigrants. With John Russell, an experienced naval architect, they persuaded the English Eastern Steam Navigation Company to build this largest ship ever. It was the first double hulled ship and it had four steam engines, side paddles, six masts of sail and a single screw. The wood, lignum vitae, was the discovery that made possible a non-leaking seal and spurred the change from paddlewheels to propellers.



The Great Eastern at Heart's Content, Newfoundland after laying the transatlantic cable in 1866.

Russell, contractor for the ship, went bankrupt and financial problems plagued Brunel and the ship. The first few voyages starting in 1860 carried 100 to 400 passengers rather than the 4,000 projected, resulting in great financial loss. A disastrous third voyage experienced damage and another 1862 voyage sustaining a huge gash of 83 feet in Long Island Sound. The company was hemorrhaging money and sold the ship for £25,000. They had paid £285,000 just to have it launched! It was bought by Daniel Gooch, who with Brassey and Pender, set up the Great Eastern Steamship Company. They chartered it to Field's Telegraph Construction and Maintenance Company for £50,000 in 1865.

Now Field used Brunel's ship for cable laying. The Great Eastern was fitted with three iron tanks for 2,300 miles of cable. In 1865, it left Ireland but after 1,000 miles the cable snapped. In 1866, Field successfully laid cable from Ireland to Newfoundland. This time one ship was carrying the entire cable from one side to the other rather than having two ships splicing in mid-Atlantic and going in opposite directions. The next month, the Great Eastern set out to grapple the end of the 1865 cable in the mid-Atlantic. Many thought they were crazy but they were successful, splicing the end to more cable and establishing two transatlantic cables. The 1866 cable could only transmit eight words per minute because the cable resisted any alternating current due to the buildup of magnetic fields. This problem was later solved by use of iron tape.

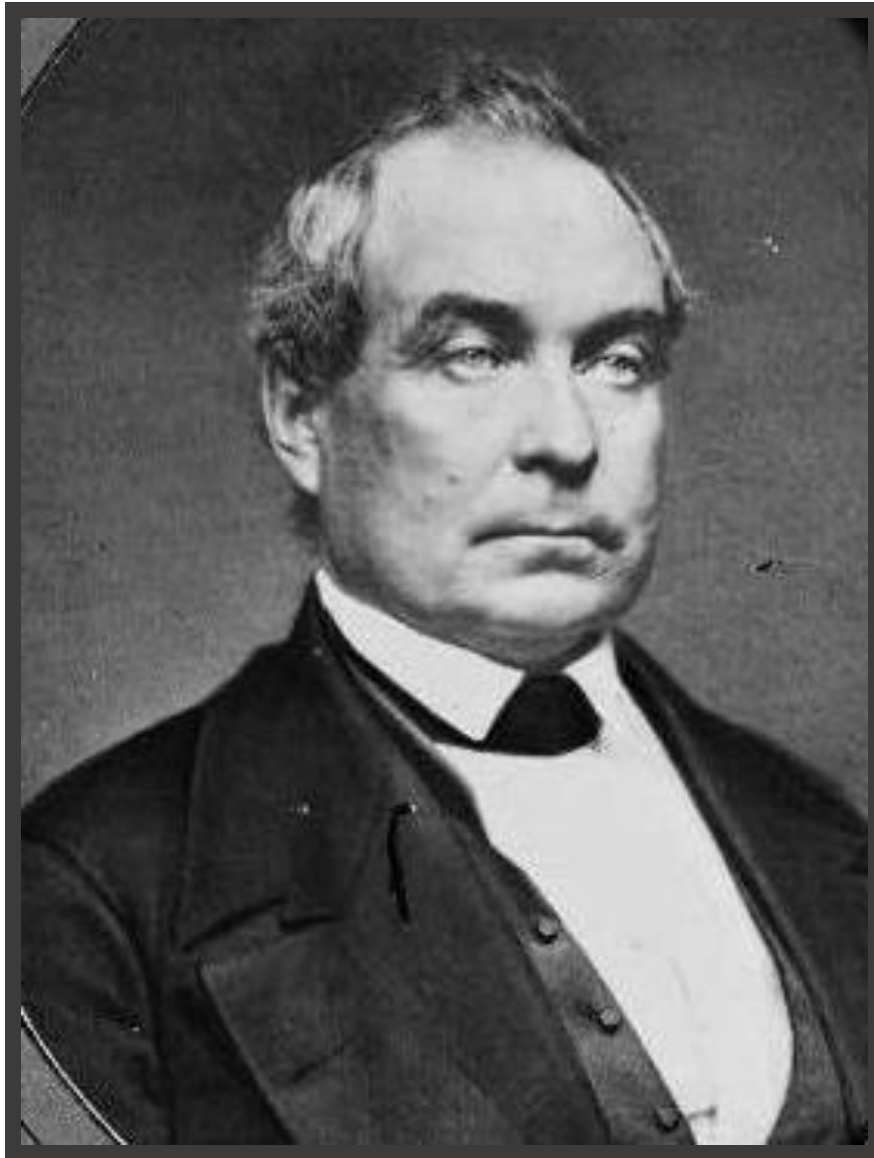


JT 40 \$50 Gold Certificate 'Silas Wright' series of 1882, Fr 1197, F 15, Accession #1461.

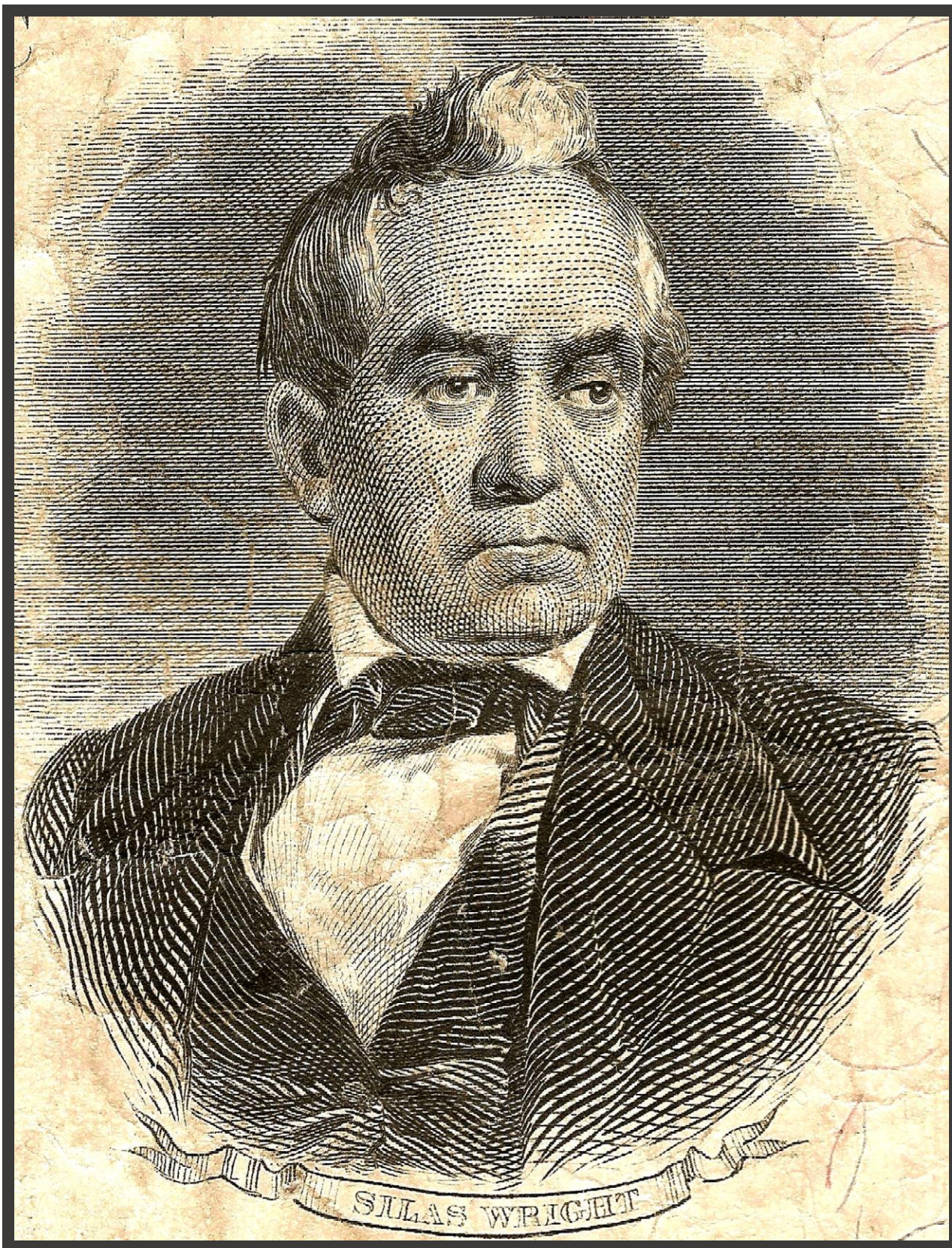
Field had been a successful businessman, retiring at 33 with a fortune of \$250,000. In 1853, he financed U.S. landscape painter Frederic Church's expeditions to South America. Field had hoped to lure investors to his projects there. He was a pioneer in financing telecommunication but bad investments left him bankrupt later in life.

The above note is called the 'Silas Wright' note for its portrait of Silas Wright, senator and governor of New York State. One hundred thirty-one are known for this variety. In 2012, 161 are estimated, with 382 for the type. Values are \$1,650 in F, \$3,450 in VF and \$6,000 in EF. It is signed by Napier and McClung and has a small red scalloped seal. The vignette of Wright was engraved by Charles Burt from a painting by Alonzo Chappell.

Silas Wright (1795-1847) graduated from Middlebury College at age 20, moved to New York to study law and was admitted to the bar four years later. He was made a brigadier in the state militia, and by 1827 at age 32 he became a congressman. He helped produce the tariff of abominations that he later admitted was "a great error." As a staunch Democrat, he followed Martin Van Buren. He became a New York senator in 1833 at age 38 when, like Jackson, he opposed the re-chartering of the second Bank of the United States. He was offered the vice president nomination, but in 1845 became New York governor instead. Quite why he should be on a federal note is a mystery. It seems he was just another senator, but he was certainly very honest. He would gladly take any opinion that he thought true, whether popular or not.



Silas Wright from Brady-Handy photograph.



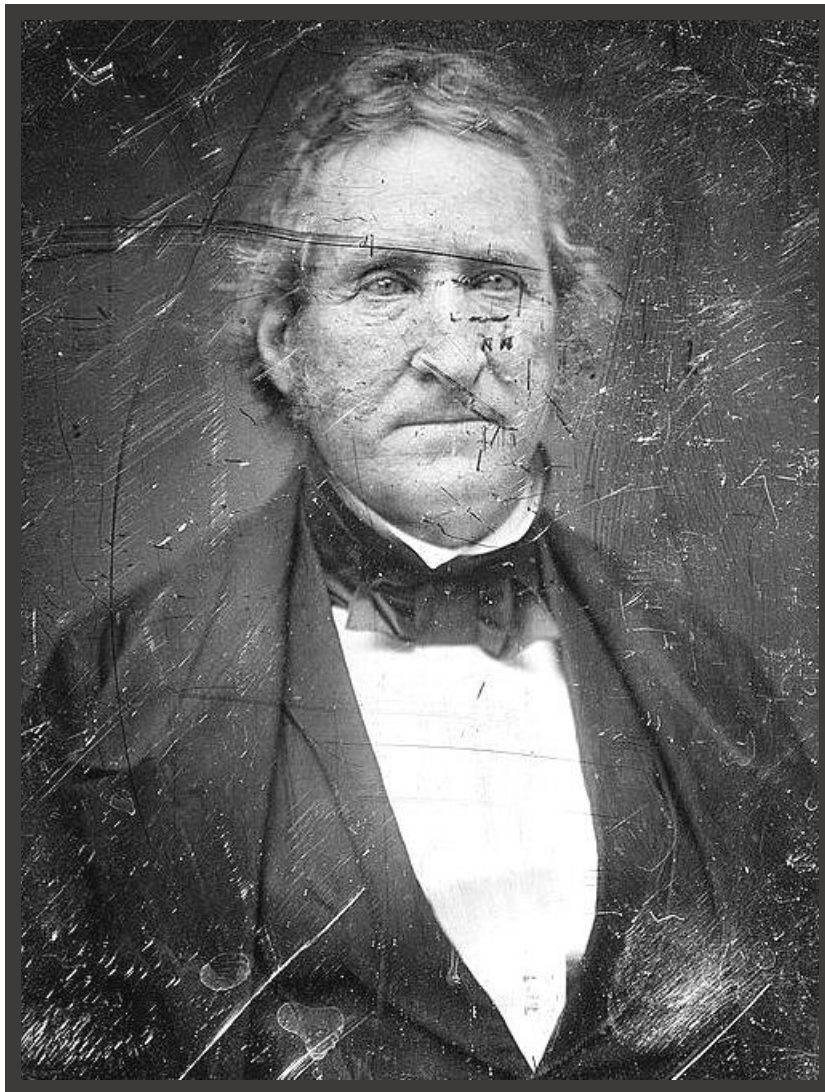
Vignette by Charles Burt from \$50 1881 Gold Certificate.



JT 41 \$100 Gold Certificate 'Benton' series of 1882, Fr 1215, VF 20, Accession #1400.

This note is called the 'Benton' note after its portrait of Benton, senator and governor of New York. Benton was a strong hard money advocate with Jackson, pushing specie payments in gold for federal land sales. This earned him the nickname 'Old Bullion,' so it is fitting that he should be depicted on a Gold Certificate. Four hundred six are known for this variety. In 2012, 549 are estimated, with 1,068 for the type. Values are \$1,000 in F, \$1,500 for VF and \$4,000 for EF. It is signed by Speelman and White and has a small red scalloped seal. Benton's engraving is by Charles Burt.

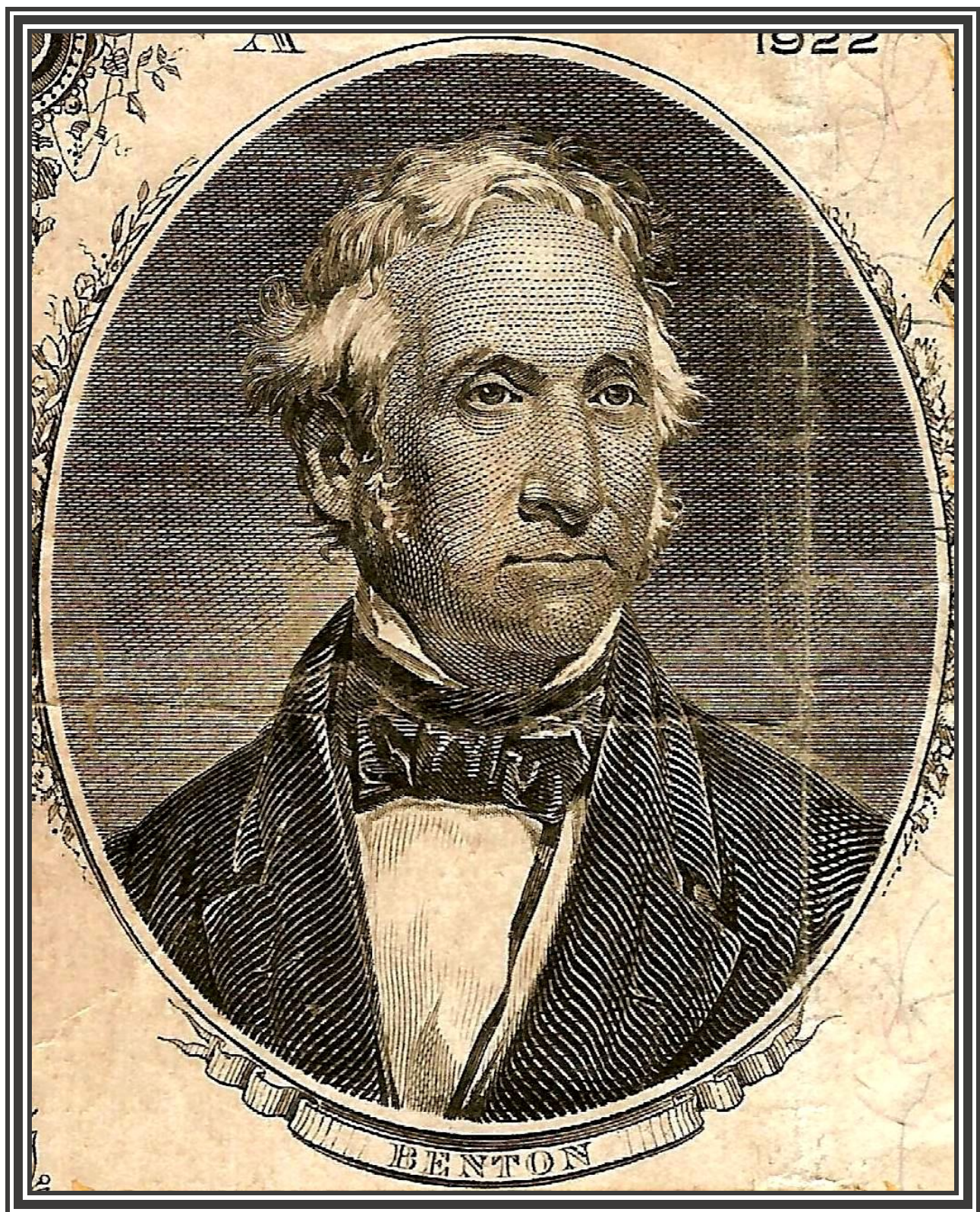
Thomas Hart Benton (1782-1858) was born in North Carolina to a wealthy landowner. He moved his family to a 40,000-acre farm in Tennessee, where he established a plantation with church and schools. He was devoted to Jeffersonian democracy. At age 20, he was admitted to the Tennessee bar and became a student of Andrew Jackson. In the War of 1812, Benton was Jackson's aid-de-camp as a Lieutenant Colonel. In 1813, he shot Jackson in the arm in a bar brawl. But the two later became staunch friends and allies. In 1815, he moved his estate to St. Louis, Missouri, where he practiced law and edited a newspaper. After the Missouri compromise of 1820, Missouri became a state and Benton became one of its senators from 1821 to 1851.



Senator Benton from Matthew Brady photograph 1844-1858.

In 1834 when Jackson was censured for vetoing the second Bank of the United States, Benton led an expungement campaign to remove the censure motion from the record. Benton advocated hard money, i.e. gold coin, and not paper. He felt soft money (e.g. paper of credit) favored urban easterners at the cost of small farmers. He proposed hard money payments for federal land, which Jackson reformulated as the Specie Circular of 1836. Benton was pro-western expansion by settlement, authored the first Homestead Act, which gave farmland to willing settlers, pushed for railroad and telegraph expansion and advocated displacing Native Americans. A staunch Democrat for many years and a slave holder, he finally relented and in 1849 said he was against the institution of slavery. During a violent senate debate in 1850 over the Compromise of 1850, Benton was almost shot by Missouri senator Foote, who had to be physically subdued. Subsequently, Benton lost his senate seat, as he could not tow the party line on slavery. In 1854 he wrote an autobiography, *Thirty Years' View*, and a 16 volume *Abridgement of Debates of Congress 1789-1856*. He died in 1858.

His son-in-law was John Frémont, who also pushed western expansion and the Homestead Act of 1862. Frémont was a western explorer and cartographer for the Army. He mapped the Oregon Trail and was appointed civil governor of California in 1847. Frémont opposed the military governor, General Kearny, so he was court-martialed and returned to civilian life. Frémont was nominated as Republican presidential candidate in 1856, losing to Democrat Buchanan. As a Major General, he countermanded Lincoln's orders during the Civil War and was relieved of command. He was territorial governor of Arizona from 1878 to 1881 and died in poverty in 1890.



Detail of vignette of Senator Benton by Charles Burt from \$100 Gold Certificate.



Hard Times Evasion Token HT64 AU. Obverse: Liberty 1841. Reverse: Mint Drop and Bentonian Currency 1837.

These two hard times tokens mention Benton. The reverse play on words 'Mint Drop' made it an evasion piece so the producers could not be prosecuted for counterfeiting. It also referred to the hard currency of Jackson and his 1837 successor Van Buren. Bentonian currency meant hard currency. The Liberty obverse made the coin look like a real large cent.



Hard Times Evasion Token HT63 EF. Obverse: Liberty with Loco Foco 1838 Reverse: Mint Drop Benton Experiment.

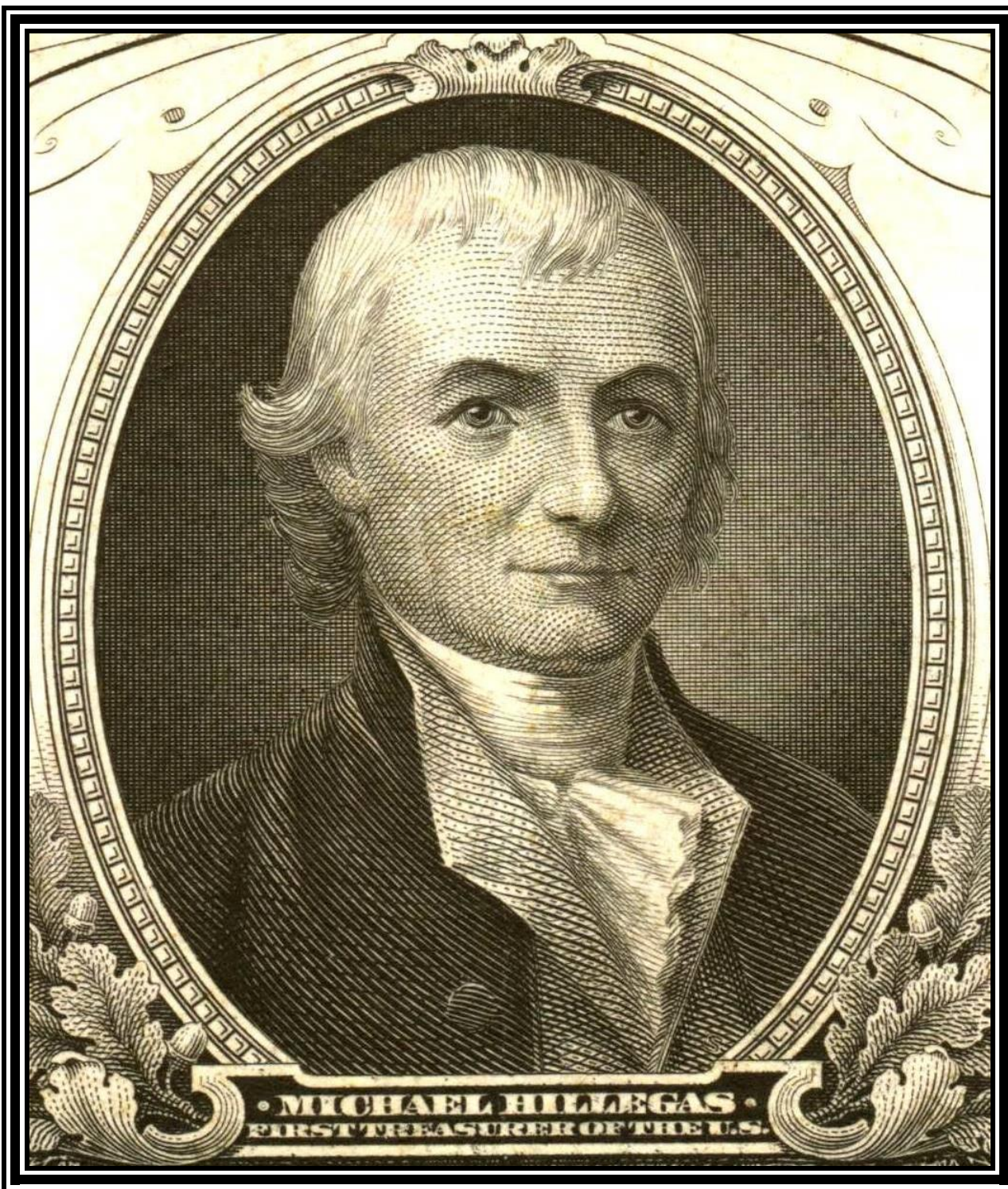
This hard times token shows the same reverse with 'Mint Drop.' The 'Experiment' refers to how the Jacksonian Democrats tried to check speculation. Van Buren said the hard times of 1837 were from excessive land speculation and overexpansion of credit by too loosely supervised state banks. He recommended an independent Treasury so that government could issue its own currency- the experiment. Loco Focos were a radical faction of the Democratic Party in 1835-1845 that were against the New York City Tammany Hall machine Democrats. Loco foco is Spanish for matches, a new invention at the time. During a political meeting, the gas lights were turned off. The Loco Focos had brought matches with them and they resumed the meeting after they lit candles. Loco Focos were pro-Jackson and Van Buren. They were also pro-hard currency like Benton.



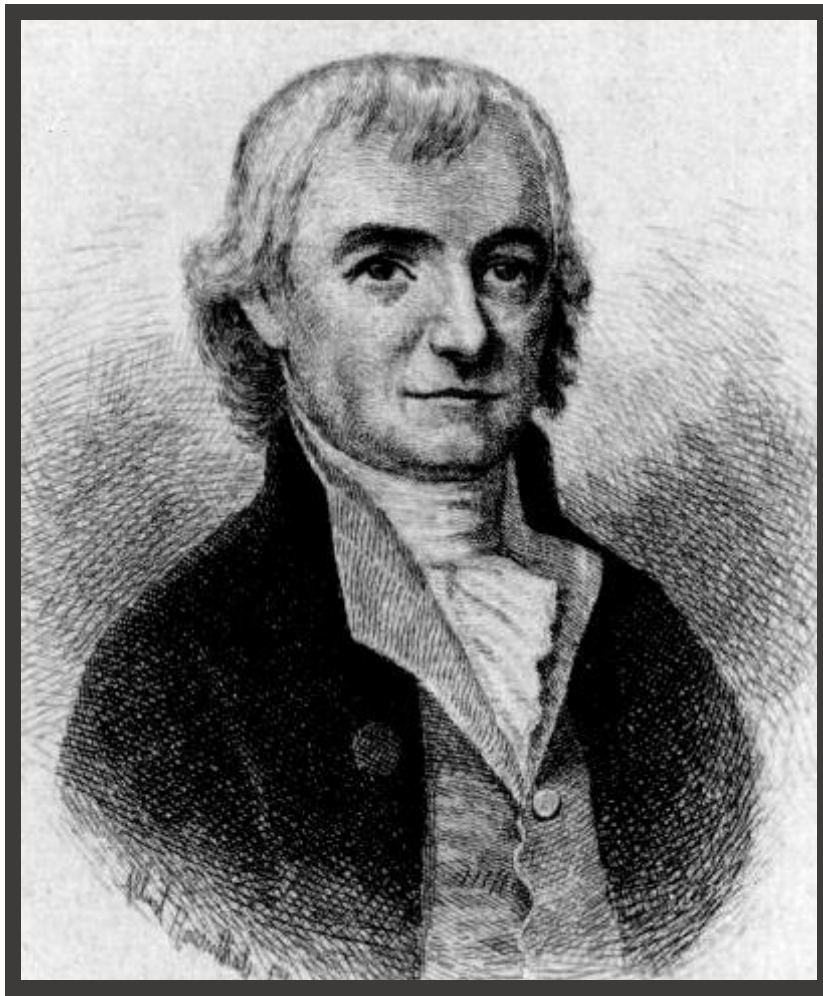
JT 42 \$10 Gold Certificate 'Hillegas' series of 1907 and 1922, Fr 1173, EF 45, Accession #993.

This note is called the 'Hillegas' note after its portrait of Michael Hillegas, first treasurer of the United States. One thousand one hundred four are known for this variety. In 2012, 1,694 are estimated, with 2,821 for the type. Values are \$150 for F, \$275 for VF, \$475 for EF and \$1,500 for CU63. It is signed by Speelman and White and has a small gold scalloped seal. The back shows an ornate great seal with scalloped border in bright orange; B & S # 98. More Gold Certificates were needed to back new gold finds. In the 1907 to 1922 era, Cripple Creek and the Klondike were actively producing gold.

Michael Hillegas (1728-1804) was born in Philadelphia to wealthy German merchants, so he had time to get into politics. He was appointed treasurer of the United Colonies in 1775, a post he held until in 1789 the Confederation became the United States (actually, George Glymer shared the office for the first year but then resigned). The portrait of Hillegas was engraved by G.F.C. Smylie from a painting by A.M. Archambault, who was the secretary of the Society of Miniature Painters in Pennsylvania (Brush and Pencil 1902, 10:6). Hillegas used much of his own fortune from his family iron and sugar business to support the revolutionary cause. In the 1890s, Hillegas' descendants campaigned to have his portrait on paper money and this was the result.



Detail of vignette of Hillegas by GFC Smillie from \$10 Gold Certificate series of 1907 and 1922.



Hillegas engraving from Hulton Archive.

The Department of the Treasury of the United States was formed as an executive department to manage government revenue. Washington asked Robert Morris to be the first secretary of the Treasury but he refused and suggested Hamilton instead. The modern Treasury Department led by the secretary of the Treasury and deputy secretary, consists of:

1. **Treasurer of the U.S.** - U.S. Mint
 - Bureau of Engraving and Printing.
2. **Undersecretary for Domestic Finance** with departments of Financial Institutions, Financial Markets, and Fiscal Services.
3. **Undersecretary of International Affairs**
4. **Undersecretary for Terrorism and Financial Intelligence**
5. **Assistant Secretaries:**
 - a). Assistant Secretaries for
 - Economic Policy
 - Legislative Affairs
 - Management/CFO
 - Public affairs.
 - b). Assistant Secretary for Tax – Internal Revenue Service
 - Alcohol Tobacco Tax and Trade Bureau.
 - c). Inspector General for Tax administration
 - d). General Council - Comptroller
 - Thrift Supervision.



JT 43 \$20 Gold Certificate ‘Technicolor’ series of 1905, Fr 1179, F 15, Accession #1495.

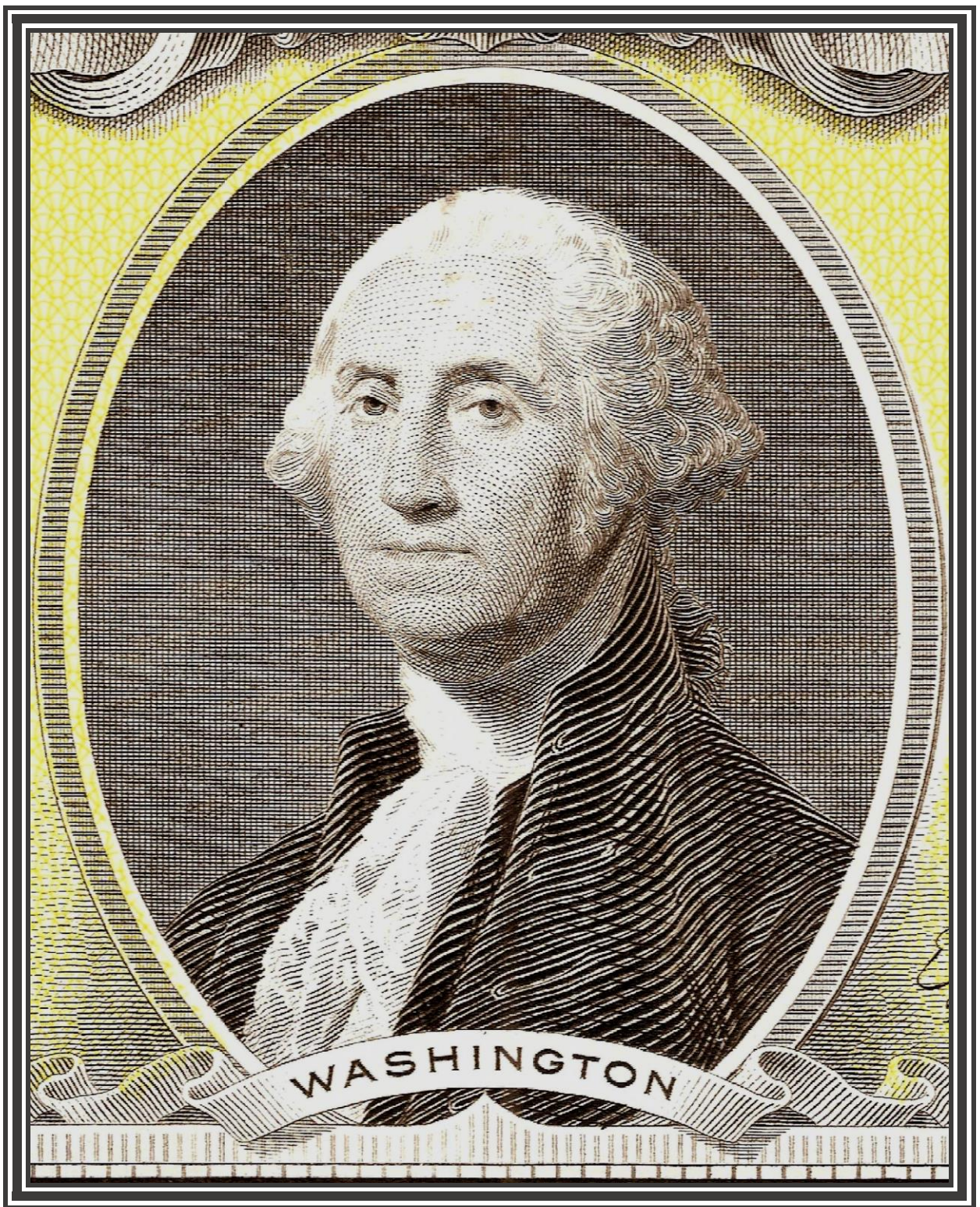
This note is called the ‘Technicolor Note’ after its multiple colors: yellow background, red seal, and black portraits; 85 are known for this variety. In 2012, 109 are estimated, with 278 for the type. Values are \$2,750 in F, \$5,650 in VF and \$17,500 in EF. It is signed by Lyons and Roberts and has a small red scalloped seal. The back shows the Great Seal with a porthole border in bright orange; B & S # 9. This is one of the most attractive and sought-after notes in the large note series. It is also relatively scarce. Similar notes were produced without the gold background on the face, which are much cheaper to buy. Although Bowers and Sunderman say there are 500 to 750 known, Gengerke say there are only 278, suggesting that it is not common. Technicolor was a trademark system of color photography for movies. The Technicolor Motion Picture Corporation was founded 1915 in Boston, and was the most widely used color film for movies from 1922 to 1952.

Cripple Creek, Colorado produced over \$400,000,000 in precious metal beginning in the 1890s, and production from the Klondike followed soon after. The Treasury Department vaults were full of Double Eagles to back these notes. The face shows Washington engraved by Alfred Sealy after Gilbert Stuart’s painting. The back was engraved by Robert Ponickau.



JT 43a \$20 Gold Certificate series of 1922, Fr 1187, AU 50, Accession #994.

This note is basically the same as the Technicolor except that there is no gold background on the face; 1,130 are known for this variety. In 2012, 1,911 are estimated, with 2,615 for the type. Values are \$215 in F, \$285 in VF, \$675 in EF and \$2,000 in CU63. It is signed by Speelman and White and has a small gold scalloped seal. The back shows the Great Seal with a porthole border in bright orange. This note is shown to compare it with the Technicolor, and for the collector it is really just a poor man's Technicolor. The entwined 2\$0 on the left is replaced by XX; otherwise, the design is pretty much the same. The back is identical and the Great Seal of the U.S. is engraved by Robert Ponickau.



Detail of George Washington vignette by Alfred Sealy from \$20 Gold Certificate 'Technicolor' series of 1905.



JT 44 \$50 Gold Certificate series of 1922, Fr 1200, VF 25, Accession # 1422.

Grant's head is recycled from the series of 1886 \$5 Silver Certificate and the back shows the 'cogwheel reverse' of the series of 1923 \$1 Silver Certificates; 354 are known for this variety. In 2012, 540 are estimated, with 848 for the type. Values are \$650 in F, \$750 in VF and \$1,600 in EF. It is signed by Speelman and White and has a small gold scalloped seal with the numeral 50. The serial numbers are in orange gold rather than green. General Ulysses S. Grant had been featured on the JT 28 Grant silver dollar back \$5 Silver Certificate. The engraving of Grant is by G.F.C. Smillie.

The Gold Certificate series is rather complicated with ten issues. The first three are uncollectible. In 1882, \$20 through \$100 were made. In 1905-1907, new \$10 and \$20 appeared, in 1913 a new \$50 appeared and in 1922 a rehash occurred.



JT 45 \$10,000 Gold Certificate series of 1900, Fr 1225, CU 62, Accession # 1479.

Jackson's head on the above note is recycled from the \$5 Legal Tender woodchopper note of 1886. The back is blank apart from the endorsement; 293 are known for this variety. In 2012, 383 are estimated. This is the only Friedberg variety for the type. *Paper Money Values* has no listing for these notes, but *Bank Note Reporter* values for April 2010 are \$1,750 in F, \$3,000 in EF and \$3,500 in CU63. It is signed by Houston Teehee and John Burke, who were in office 1915 to 1919, and has a small red scalloped seal with a gold guilloche surrounding the serial numbers. The engraving of Jackson is by Charles Burt and is after the painting by Duplessis.

The \$10,000 note is not strictly speaking a note but more a check for interdepartmental transfers. On December 13th 1935, there was a fire in the Treasury storage area in the old post office building at 12th and Pennsylvania Avenue in Washington, D.C. Officials threw various items out of the window, including several hundred of these notes. Many of the notes are water stained, presumably from fire hoses. Delighted passers-by picked up some of the scattered notes. As government property, they were illegal to own, but they were cancelled notes just like cancelled checks, had no value and were really just old paper records. The government has not made an issue of people holding these notes. There have

even been a few attempts to redeem these notes without success! In 1933, it became illegal to own all Gold Certificates but the government now has a passé attitude towards owning them. However, even if it is illegal to hold these notes, who can pass up an opportunity to own a \$10,000 Gold Note!

On another note, the recent government's seizure of Izzy Switt's (technically illegal to hold) ten 1933 \$20 gold pieces exemplifies their capricious nature; 1804 dollars and 1913 liberty nickels, both also technically illegal to hold, still sell for millions without the government blinking an eyelid. But ten 1933 Double Eagles consume millions of dollars in legal fees for the government, when they could be generating income as when the first one sold for \$7 million with the government getting half the profit!

These notes were not currency in circulation, they were like a check: dated and payable to a specific payee. Once paid, they were endorsed on the back and punch cancelled. The vast majority of the payees were the Federal Reserve or a Federal Reserve Bank from the Treasury. The obligations were totally different from regular notes:



The punch cancellation reads PAYABLE ONLY TO THE TREASURER OF THE U.S. OR A FEDERAL RESERVE BANK. In the middle of the note there is another punch cancellation reading U.S.T. +9.25.16, presumably referring to United States Treasury, September 25th 1916.

On the images below, the left one shows the obligation on the \$100 Benton Gold Certificate reading, “This certifies that there have been deposited in the Treasury of the United States, one hundred dollars in gold coin repayable to the bearer on demand.” On the right is the \$10,000 cancelled issue which reads, “It is hereby certified that ten thousand dollars have been deposited with the assistant treasurer of the United States payable in gold at his office, to the order of Federal Reserve Board, Washington, D.C., Dec 16/1915.” In other words, the \$10,000 note is only for internal use. As Bowers and Sunderman observe, this is the only U.S. note you can buy for less than face value!



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CHAPTER FIFTEEN

COIN OR TREASURY NOTES

THE ORIGIN OF TREASURY NOTES IN 1890

The Sherman Silver Act of 1890 increased the production of silver dollars enormously. Treasury Notes, authorized by the Legal Tender Act of 1890, were used to buy the silver bullion to strike these dollars. This section will summarize briefly the story told in Chapter 10 of the history of silver from 1861 to 1900.

Between 1861 and 1865, there was approximately 100% inflation. By 1865, \$1.50 of paper money was needed to buy a gold dollar. Subsequently, government policy was to get paper money back to parity with gold. This led to deflation and a fixed money supply until the Resumption Act of 1875 decreed that paper money would be exchangeable dollar for dollar with gold by 1879. Thus, between 1862 (when Legal Tender Notes were first issued) and 1879, the country was on a de facto fiat currency standard (i.e. whatever the government dictates is currency). It was brought back to a metallic standard in 1879.

In 1853, subsidiary silver coinage (denominations less than a dollar) was demonetized from 24.06 grams of fine silver per dollar to 22.4 grams per dollar. But silver dollars were still issued at 24.06 grams fine silver to the dollar - a ratio of 16:1 with gold (gold dollars were 1.5 grams fine gold to the dollar). However, very few silver dollars were produced, so that most silver coinage in circulation was actually debased. In 1873, Congress passed a Coinage Act which stopped the minting of silver dollars altogether because they contained more than a dollar's worth of silver. However, new silver mines soon opened. Also, several European countries abandoned their silver standards for a gold standard and dumped silver on the world markets. On the other hand, the United States was still trying to limit its money supply to get the paper dollar back to the same value as a gold dollar. As a result, little coinage was minted.

In 1874, President Grant vetoed the 1874 Inflation Bill to print more Legal Tender Notes. In 1875, the Greenback party organized to push the government to inflate the money supply. The Greenbackers were supported by the financially leveraged, who were paying interest with decreasing income for deflating assets. Farmers, labor, western businesses and many Greenbackers then joined the Free Silverites, who supported the free (i.e. unlimited) coinage of silver to relieve the deflation. The Free Silverites decried the 'crime of 1873' that had put America on a de facto (though not legal) gold standard.

In 1878, the Bland Allison Act specified that two to four million dollars of silver be coined each month into silver dollars ('Morgan dollars' named after the chief Mint engraver George T. Morgan). At the same time, Silver Certificates backed by the new silver dollars were produced. In 1890, the Sherman Silver Purchase Act displaced the Bland Allison Act and specified that four and a half million ounces of silver be bought a month using a new issue of paper money - Treasury Notes. The Free Silverites had not anticipated what would happen - Americans and foreigners, especially mining interests, preferred gold to silver. This was because the intrinsic worth of silver in the silver dollar was now quite low (73 cents by 1890). Furthermore, Treasury Notes (also called Coin Notes) were redeemable in *any* coin - silver or gold. Thus, American citizens paid taxes in silver and Silver Certificates and not in gold, western mining interests cashed in their Treasury Notes for gold and foreigners demanded gold dollars rather than silver dollars in payment for goods. The United States Treasury stocks of gold dwindled.

In 1893, Treasury gold reserves fell below the hundred-million-dollar mark. Americans and foreigners feared the government would stop gold payments and this led to a financial panic. President Grover Cleveland summoned a special session of Congress to repeal the Sherman Silver Purchase Act. However, Treasury Notes continued in use. Even before the repeal, by 1893 Morgan dollar mintage decreased. Previously, twenty to forty million Morgan dollars were minted per year. By 1892, only six million were minted and in 1893-1895, one to three million were minted per year. The Free Silverites, however, continued their demands until the presidential election of 1896, when Democratic candidate William Jennings Bryan gave his famous 'cross of gold' speech in support of free coinage of silver. He lost the election to William McKinley, who signed the Gold Standard Act of 1900. America was now on a legal gold standard.

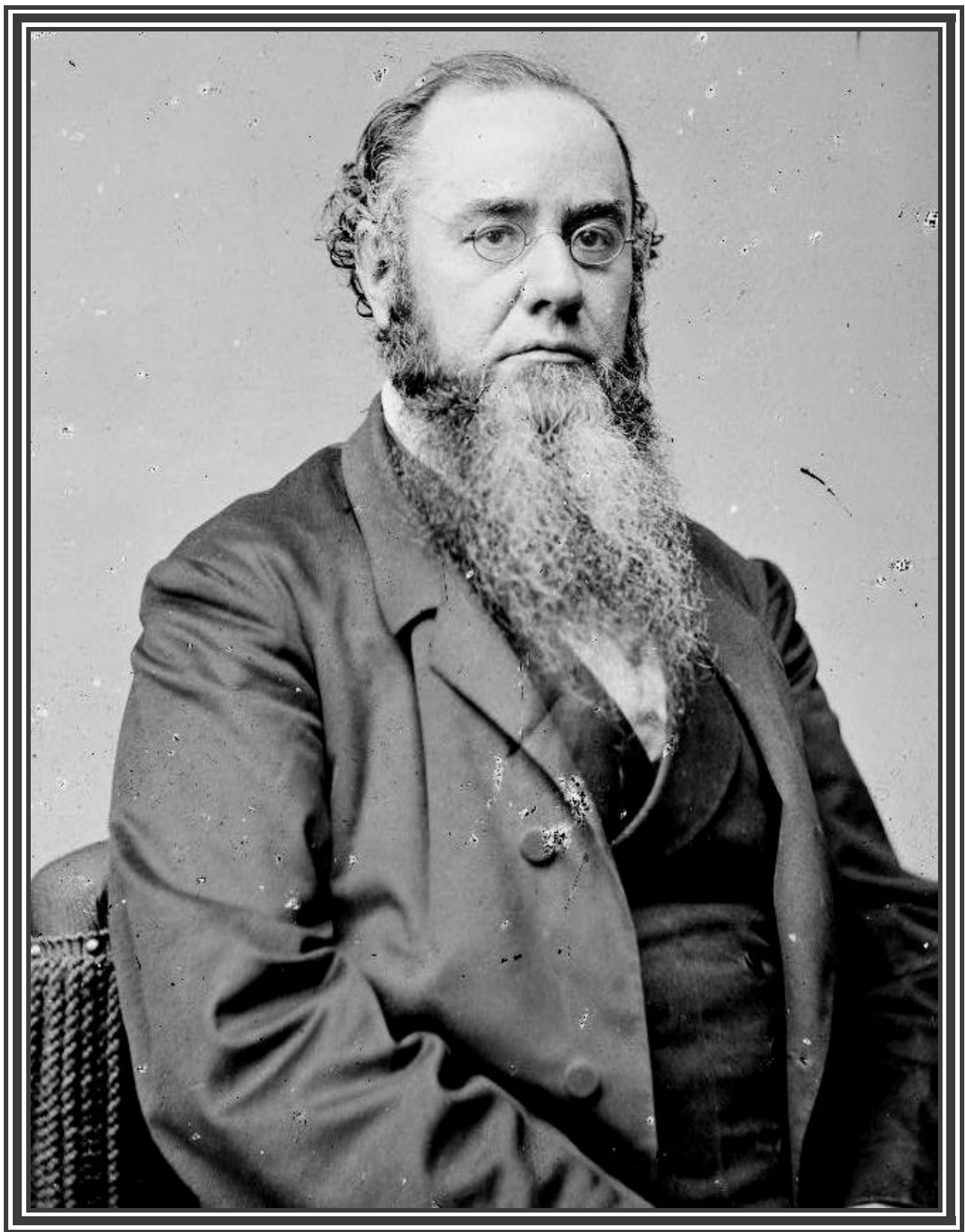


JT46 \$1 Treasury Note series of 1890 'Stanton, Ornate Back,' Fr 347, EF 45, Accession # 1466.

This note is named for Edwin Stanton, secretary of war under Lincoln and Johnson. The famous 'Ornate Back' is common to the entire series of 1890, including the top Bowers and Sunderman note the 'Grand Watermelon.' Many other Treasury Notes depict famous Union generals; 235 are known for this variety. In 2012, 267 are estimated, with 435 for the type. Values are \$500 in F, \$675 in VF, \$2,250 in EF and \$6,500 in CU63. It is signed by Rosecrans and Huston and has a large brown spiked seal. B & S # 83. Charles Burt engraved the vignette of Stanton.

Edwin Stanton (1814-1869) was born in Ohio and was the son of a Quaker physician. He trained as a lawyer and was admitted to the Ohio bar in 1836. He practiced law in Cadiz, Ohio, Pittsburgh, Pennsylvania and Washington, D.C. Stanton was a brilliant lawyer and developed a large practice. He defended Daniel Sickles, a politician and later a Union General, who was tried for murdering his wife's lover. Stanton was the first to use the insanity defense.

In 1858, Stanton exposed a conspiracy to defraud the government of \$150 million of California land and was then appointed attorney general to Democratic President Buchanan. Stanton was a Democrat, but unlike most Democrats then he opposed slavery. Lincoln's first secretary of war was Simon Cameron and Stanton was Cameron's legal advisor. When Cameron resigned, Lincoln appointed Stanton to the post. Stanton ably directed the war effort when the incompetent Generals McClellan and Halleck were removed and he was an early supporter of Grant. He also suspended habeas corpus to enforce draft regulations.



Secretary of War Edwin Stanton, photo taken 1855-1865- the basis for Charles Burt's engraving.



Detail of Secretary of War Edwin Stanton, vignette by Charles Burt, from series of 1890 \$1 Treasury Note.



JT46a \$1 Treasury Note 1891 series, Fr 352, Accession # 1035. Notice back similar to 1891 Martha Silver Certificate (bottom).

Stanton persecuted Union officers who were southern sympathizers, especially Major General Fitz John Porter. Although he was initially opposed to Lincoln, Stanton later became a Republican. Nevertheless, Lincoln disliked him. After Lincoln's assassination, Stanton insisted that all seven suspected accomplices wear heavy canvas hoods with big cotton balls pressing on the eyes, and with only one opening for eating. The tight bags led to painful and swollen faces.

President Johnson, who had been the Democratic vice president under Lincoln, took over. Johnson also disliked Stanton and asked him to resign. But the senate supported Stanton, so he stayed in his office day and night to prevent Johnson's new appointee from taking office. Stanton tried to impeach Johnson for violation of the Tenure of Office Act but failed. Eventually, Stanton resigned. Grant later appointed him to the Supreme Court and despite ill health Stanton accepted. He died four days after he was confirmed by the senate. Overall, he was unfriendly, unliked, rigid and vindictive but efficient. Once during the Civil War, he engineered the movement of 23,000 men in less than seven days to reinforce General Rosecrans.

I have collected ornate backs, as they seem much more appealing, but on the next page is one example of the 1891 back showing the great similarity to the 1891 \$1 Martha Washington Silver Certificate back. There are no plain back Treasury Notes in the Bowers and Sunderman book. Gengerke census for the JT 46a in 2006 is 260. CAGR Gengerke census in 2012 is 348. CAGR Gengerke census for the type in 2012 is 1,161. Overall, the plain backs are about twice as common as the ornate backs. This note is signed by Bruce and Roberts and has a small red scalloped seal. *Paper Money Values* for JT 46a in EF in June 2009 was \$625.

The note below is named for Major General McPherson, Union general during the Civil War; 126 are known for this variety. In 2012, 157 are estimated, with 271 for the type. By contrast, the plain back type has a 2012 census of 562. Values for the ornate back are \$800 in F, \$1,750 in VF, \$5,000 in EF and \$10,000 in CU63. It is signed by Rosecrans and Huston and has a large brown seal. B & S # 15. Charles Burt engraved the vignette of McPherson.

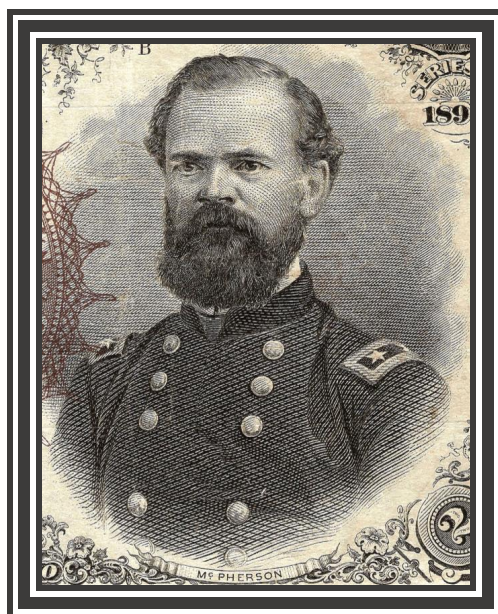
Major General James Birdseye McPherson (1828-1864) was born in Ohio and graduated at the top of his class from the U.S. Military Academy in 1853. Contemporaries in his class were Union General Sheridan and Confederate General Hood. After graduation, he taught engineering at the academy and then worked on military engineering while stationed in New York Harbor, the Hudson River, Fort Delaware and Alcatraz Island. He started as an aide-de-camp in Major General Halleck's staff in St. Louis, Missouri and then transferred to become chief engineer to General Grant's army. After the April, 1862 battle of Shiloh, he was promoted to brigadier, and in October 1862 to major general commanding the seventeenth corps of Grant's Army of the Tennessee. McPherson later took over as commander himself.

Control of the Mississippi River was vital to the South. New Orleans and Memphis on the Mississippi River fell to Union forces in 1862 but Vicksburg, between the two on the Mississippi, was a Confederate stronghold. In 1862, Grant planned to march overland to Vicksburg to meet Sherman coming downriver from Memphis. But Confederate General Forrest cut off Grant at the battle of Chicksaw Bluffs in December, 1862. The Confederates held out at Vicksburg against Union naval bombardment. After this, Grant left Sherman facing the city of Vicksburg to divert the attention of Confederate General Pemberton. In April, 1863 Grant ferried troops across the river by night 30 miles south of Vicksburg. General McPherson was instrumental in defeating Confederates nearby at Ports Gibson and Raymond. Grant's seizure of Vicksburg in 1863 gave the Union complete control of the Mississippi, splitting the Confederacy in two. This was a turning point in the Civil War. McPherson became known as the hero of Vicksburg.

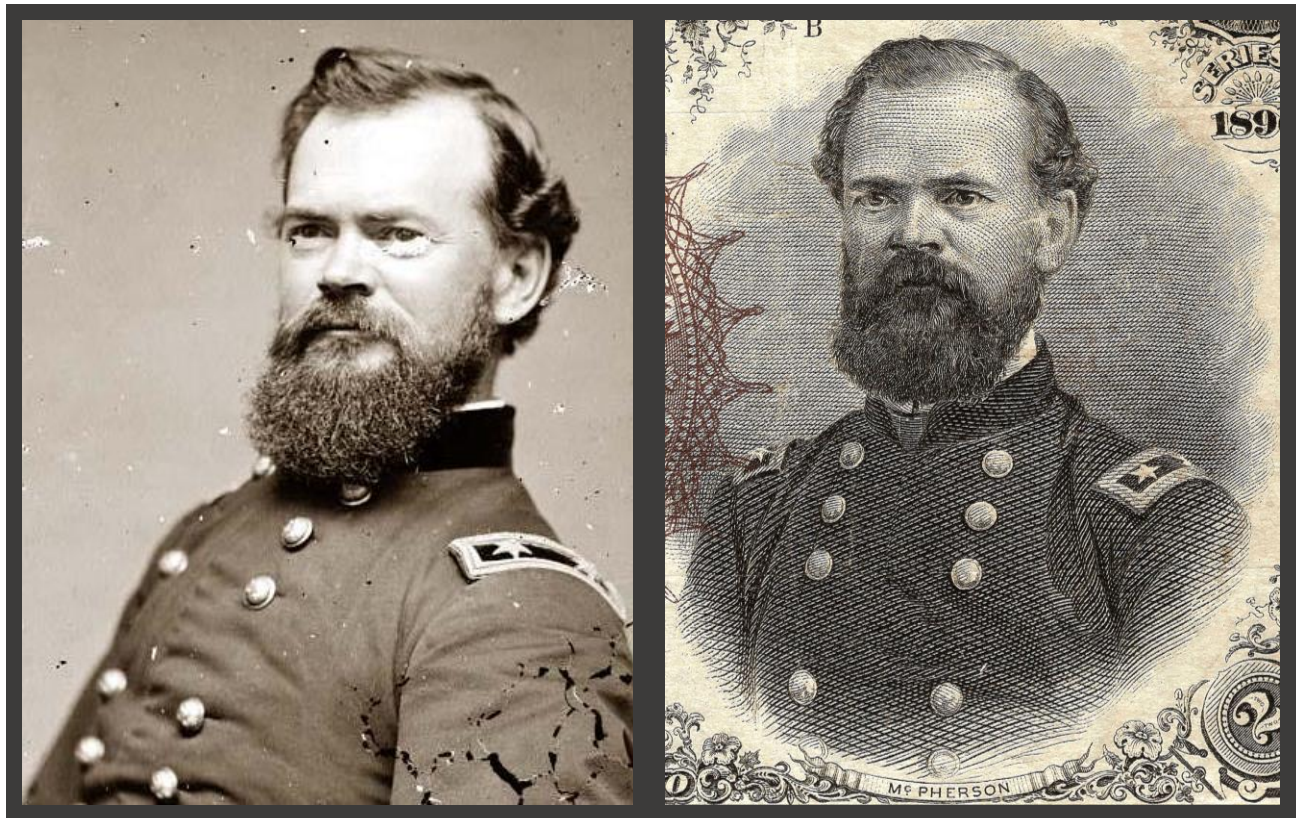
Sherman's Atlanta campaign started in May, 1864. Sherman planned a feint toward Dalton, Georgia with General McPherson's Army of the Tennessee opposing Confederate General Johnston to try to trap him. However, Johnston escaped with McPherson chasing him. In July, Confederate President Jefferson Davis replaced General Johnston with General Hood. McPherson noted that Confederate troops had left Atlanta and cleverly guessed that they were planning to attack the Union's right and rear. While trying to rejoin his army, McPherson was accosted by a line of Confederate skirmishers and ordered to stop. McPherson tried to escape but was shot and killed.



JT47 \$2 Treasury Note series of 1890 'McPherson, Ornate Back,' Fr 353, VF 30. Accession # 1489.



Detail of McPherson vignette by Charles Burt from face of \$2 Treasury Note series of 1890.



Matthew Brady photo of Major General James Birdseye McPherson.

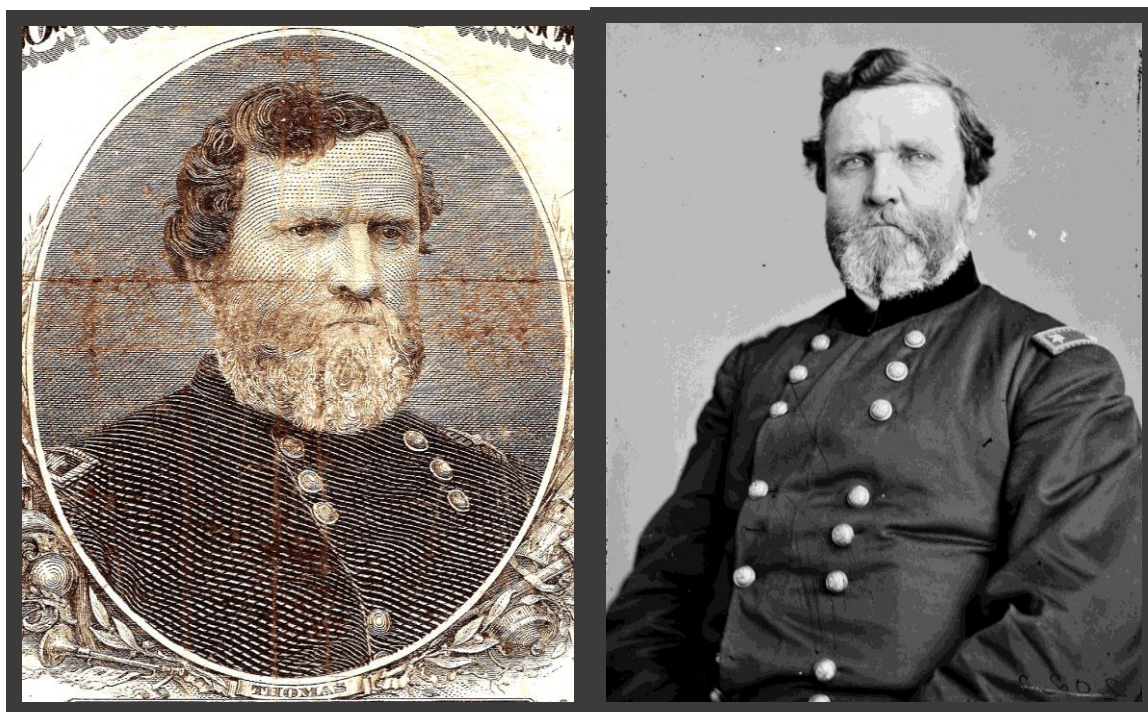
The note below is named for Major General Thomas, Union general during the Civil War; 104 are known for this variety. In 2012, 127 are estimated, with 256 for the type. By contrast, the plain back type has a 2012 census of 518. Values for the ornate back are \$875 in F, \$1,850 in VF, \$3,000 in EF and \$8,500 in CU63. It is signed by Rosecrans and Huston and has a large brown seal; B & S # 90.

George Henry Thomas (1816-1870) was born in Virginia. Although it was illegal to teach slaves to read, he taught his family's 15 slaves to read. He graduated at age 24 from the U.S. Military Academy and saw action in the war against the Seminole Indians in Florida and then in the Mexican War. Beginning in 1851, he was an instructor at West Point for three years. In 1860, as a major, he was hit in the chest by a Comanche arrow. He pulled it out and kept fighting. Although he was a southerner, he joined the Union, perhaps because his wife was a northerner, and perhaps also because he disliked slavery. His family never spoke to him again. By August 1861, he was brigadier commanding a brigade in the First Manassas Campaign. Subsequently, he only fought in the West and made major general in April, 1862.

He fought as second in command to General Buell and later General Rosecrans against Confederate General Bragg, parrying Bragg's attempt to invade Kentucky. Frustrated by Buell's slowness, Union high command offered Thomas Buell's position, but Thomas characteristically refused. In September, 1863 at the Battle of Chickamauga while commanding the Fourteenth Corps, he rallied broken Union lines to prevent a rout from General Bragg's Confederate forces, earning himself the nickname 'The Rock of Chickamauga.' In November, 1863 General Thomas, commanding the Army of the Cumberland, stormed the Confederate line on Missionary Ridge, achieving a stunning Union victory at the Battle of Chattanooga. In 1864, he raced Confederate General Hood to Nashville to get reinforcements, then part of his force defeated Hood at the Battle of Franklin. At Nashville, he paused to train poorly prepared troops and then destroyed Hood's army at the Battle of Nashville. This led to a second nickname 'The Sledge of Nashville.'



JT48 \$5 Treasury Note series of 1890 'Thomas, Ornate Back,' Fr 361, VF 20, Accession # 1391.



Left: Gen. Thomas engraving by Lorenzo J. Hatch from Treasury Note, right: Matthew Brady Photo, 1855-65.

After the Civil War, Democratic President Johnson offered Thomas the rank of lieutenant general to replace the Republican Grant as general-in-chief. But, true to form, Thomas asked the Senate to withdraw his name, saying he did not want to get into politics. A brilliant, courageous and methodical general, many Civil War historians feel he is second only to Grant and Sherman. But Thomas, brought up a southerner, was a modest man. He destroyed all his private papers and wrote no memoirs. He said he did not want “his life hawked in print for the eyes of the curious.” This was at a time when it was very common for Civil War generals to write their memoirs. For unknown reasons, there was strife between Grant and Thomas. Thomas was called slow by many, perhaps because he had a bad back, but this epithet was used by Grant and Sherman referring more to his character than speed. It is possible they still regarded him as a southerner. After refusing to displace Grant, he requested a Pacific assignment in San Francisco, where he died of a stroke. His sisters had refused to accept money from him after the war, saying they had no brother. None of his Virginia family attended his funeral.

The note below is named for Major General Sheridan; 85 are known for this variety. In 2012, 124 are estimated, with 281 for the type. By contrast, the plain back type has a 2012 census of 266. Values for the ornate back are \$975 in F, \$2,250 in VF, \$5,500 in EF and \$13,000 in CU63. It is signed by Rosecrans and Huston and has a large brown seal with spikes. Sheridan’s vignette is the same as on the back of the \$5 Educational Silver Certificate (JT 33) opposite General Ulysses S. Grant, both done by Lorenzo Hatch. The ornate back was engraved by William G. Phillips.



JT49 \$10 Treasury Note series of 1890 ‘Sheridan, Ornate Back,’ Fr 366, VF 20, Accession # 1388.

Philip Henry Sheridan (1831-1888) was born in Albany, New York State, of Irish immigrants. As a boy, he worked in a dry goods store and got an appointment at the U.S. Military Academy from one of his customers. He graduated in 1853 at age 22. He saw action in the Willamette Valley, Oregon fighting the Yakima Indians. During this time, he lived with an Indian mistress, Sidnayoh, daughter of the Klickitat tribe chief. In 1861, he was transferred from Oregon to Missouri. There he visited General Halleck, who had him audit the finances of his predecessor Frémont.

In January, 1862 he served under Major General Samuel Curtis. He found that Curtis' staff was stealing horses from civilians and demanding payment from Sheridan as quartermaster. Sheridan refused. Curtis arrested him. Halleck rescued him and he returned to work for Halleck. Sheridan used influence to get a cavalry colonelcy and did so well at the Battle of Booneville, Mississippi in July, 1862 that he was promoted to brigadier. In October, he commanded the 11th Division II Corps in General Buell's Army of the Ohio. In December, 1862 Sheridan did well at the Battle of Stones River and was promoted to major general. Again, he excelled at the Battle of Chickamauga in September, 1863 against Confederate Generals Bragg and Longstreet. Grant summoned Sheridan in April, 1864 to participate in Grant's Overland Campaign against Lee. Sheridan was assigned to screening reconnaissance and guarding trains and rear areas. He failed to clear a road at Spotsylvania Court House, so was reprimanded by Meade. Sheridan asked Grant if he could instead do strategic raids, although a lack of horsemen for reconnaissance and guarding would have handicapped Grant's army. In Sheridan's autobiography, he said every raid and cavalry engagement was a success, but historians have found only one of four raids was successful and all 13 cavalry engagements were failures.

Grant then appointed Sheridan to lead an army to destroy the Shenandoah Valley so Confederate armies could not use it as a base to attack the North. Sheridan was very effective and practiced scorched earth tactics before Sherman did. Once while ten miles from his army he heard artillery and rode fast to rejoin his army, defeating Confederate General Early. A poem, *Sheridan's Ride*, was written about this. Sheridan did not, however, destroy the Virginia Central Railroad, which supplied Petersburg, as instructed by Grant. Instead, he joined Grant at Petersburg and was instrumental in forcing Lee's surrender by cutting off Lee's supply line and capturing 20% of his men at the Battle of Saylor's Creek.



Sheridan's Ride: a 1886 chromolithograph copy of Thure de Thulstrup's painting, showing Sheridan arriving at the battlefield to rally his troops. When Sheridan saw the picture, he thought he looked like a "damned fool."

After the war, Sheridan was appointed commander of the military district of the Southwest. There he gave arms to Mexican President Juarez, helping him to eject the French from Mexico. He also fired the Governors of Texas and Louisiana and many other officials. He was becoming too autocratic, so Democratic President Johnson removed him. In 1867, Grant put Sheridan in charge of the Department of the Missouri, encompassing all land between the Missouri River and the Rockies, where a war raged between Indians and settlers. Sheridan attacked wintering tribes, removing their supplies and forcing them back to their reservations. He also promoted wholesale slaughter of bison; by 1874, professional hunters had killed four million bison. Sheridan conducted an efficient campaign against Indians, including the Red River War, the Ute War and the Great Sioux War of 1867-1877, where Custer was killed. Indian raids were almost over by the early 1880s.

Sheridan was said to have originated the phrase, beloved of western heroes, "The only good Indian is a dead Indian." This would certainly have been a curious statement for a man who lived for years in his twenties with an Indian mistress. In 1875, he married Irene Rucker- half his age. Remarkably, he never mentioned her in his memoirs. Likewise, he never mentioned his Indian mistress Sidnayoh, daughter of the Klickitat tribe chief in his memoirs. In 1883, Sheridan succeeded Sherman as commanding general of the U.S. Army. Becoming increasingly obese, he suffered a series of heart attacks at age 57. After the first one in 1888, Congress promoted him to a four-star general, the fourth after Washington, Grant and Sherman. Within months of this glad news and the completion of his memoirs, he died. His son, also Philip, became a military aide to Teddy Roosevelt, and also died at 57 from a heart attack. Overall, Sheridan seems in retrospect to have been duplicitous and egotistical.



Photo of Sheridan by Mathew Brady, circa 1862.



Detail of Sheridan's engraving by Lorenzo Hatch from series of 1890 \$10 Treasury Note.



JT50 \$20 Treasury Note series of 1890 'Marshall, Ornate Back,' Fr 374, VF 30, Accession # 1395.

This note is named for Chief Justice John Marshall of the U.S. Supreme Court, 1801-1835; 90 are known for this variety. In 2012, 100 are estimated, with 162 for the type. By contrast, the plain back type has a 2012 census of 100. Values for the ornate back are \$3,450 in F, \$5,750 in VF and \$7,650 in EF. It is signed by Rosecrans and Nebeker and has a small red scalloped seal; B & S # 61.

John Marshall (1755-1835), like Lincoln, was born in a log cabin but in Virginia. He became an officer in the Continental Army and judge advocate. He was the most influential early justice. At age 25, he was admitted to the bar and studied English law at the College of William and Mary, as had Jefferson. Marshall developed a successful law practice. At 27, he became a delegate in the Virginia House of Delegates for four years. In 1788 at 38, he was selected as the Virginia delegate to ratify the U.S. Constitution. He opposed Patrick Henry and supported James Madison. Marshall joined the Federalists, who supported a strong Federal government and favored financial and commercial interests, rather than the Jeffersonian Democrats, who supported the yeoman farmer and opposed central government and commercial interests.

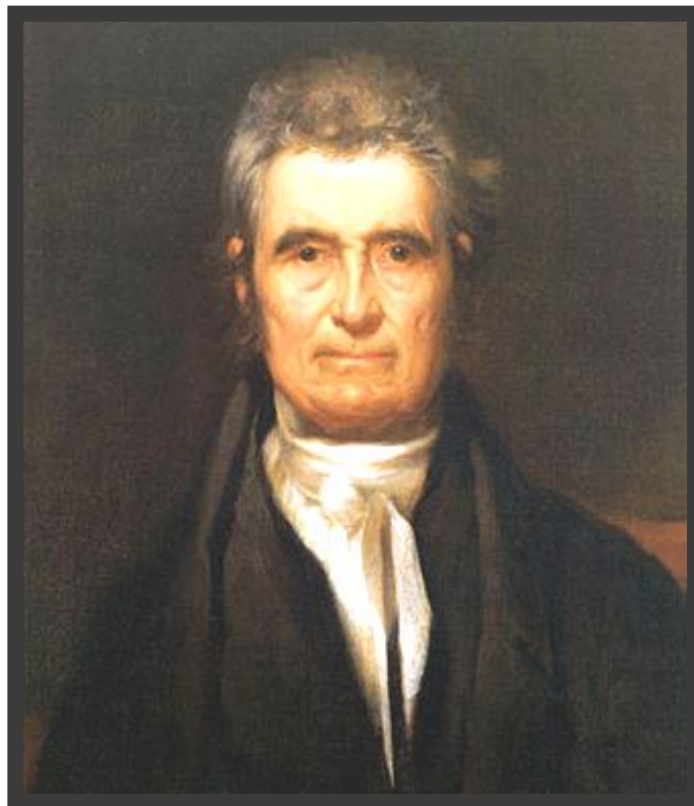
He loved theater-going, reading, quoits (similar to modern day horseshoes), chess and drinking. He was a family man and an Episcopalian. At age 40, he was asked by Washington to be U.S. attorney general, but he refused. A year later in 1796, he also refused to become minister to France, but in 1797 he went with Charles Pinckney and Elbridge Gerry as an envoy to France. But the French directoire refused to see them unless they paid huge bribes. America refused and the directoire expelled them. This was called the XYZ affair. Marshall's conduct endeared him to the U.S. public.

At 43 in 1798, Marshall refused a Supreme Court appointment, but the next year he became a U.S. congressman. A year later, he became secretary of state under President John Adams. Marshall negotiated the end of the Quasi-War with France with the Convention of 1800. A year later, Adams nominated him for Chief Justice after John Jay refused. In 1799 Marshall, a close friend of George Washington, eulogized Washington after his death. Later, he agreed to write Washington's biography. Over five years, Marshall created five volumes totaling 3,200 pages.

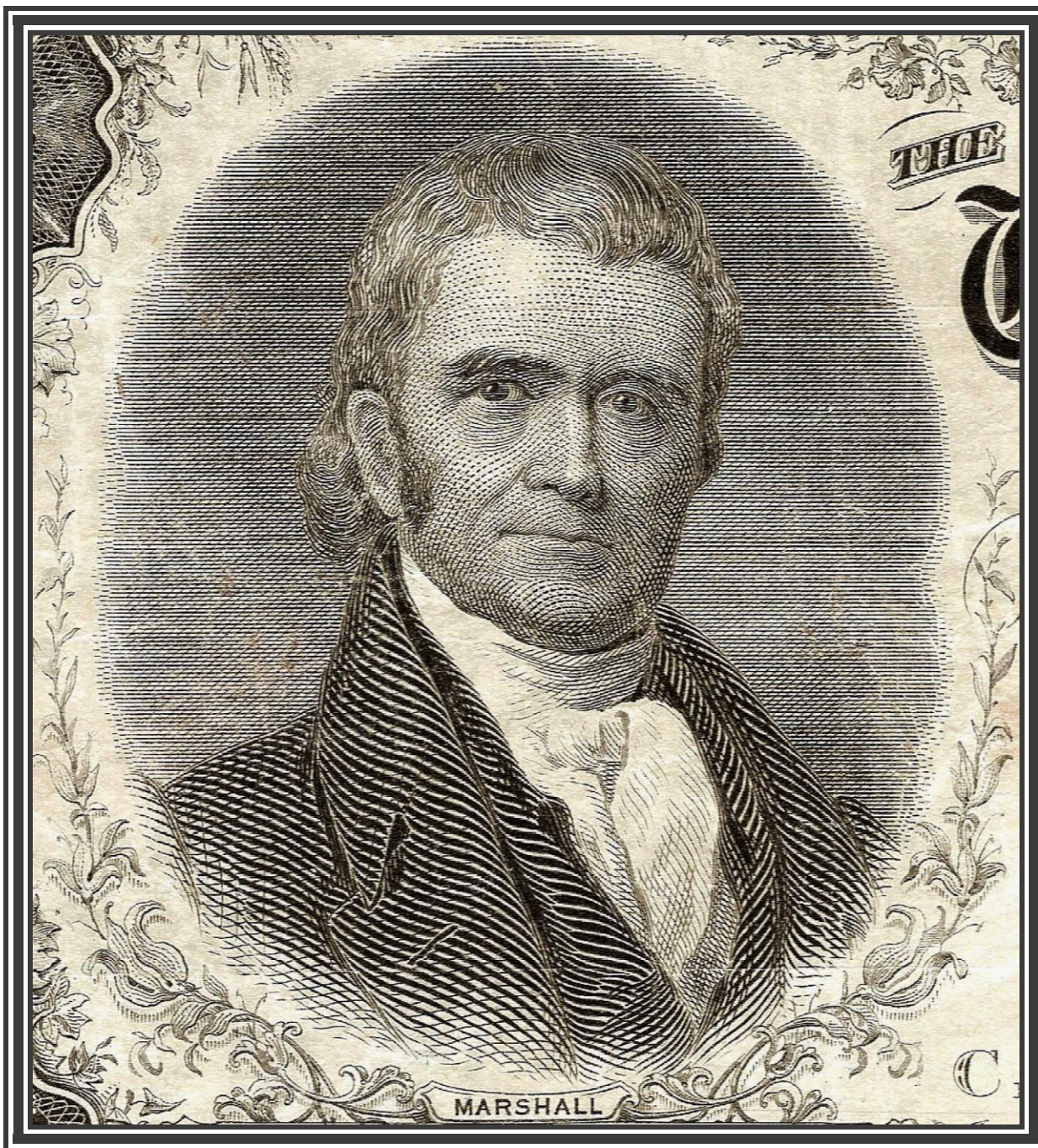
Marshall became Chief Justice in 1801. At that time, each justice would author a separate opinion called a seriatim opinion, like the procedure in the United Kingdom today (seriatim comes from Medieval Latin for a series of persons or things). But under Marshall, a single opinion was rendered, usually written by Marshall. In *Marbury v. Madison* (1803), his Supreme Court ruled an act of Congress unconstitutional. This established the doctrine of judicial review.

In 1805, Vice President Aaron Burr tried to buy over one million acres of Orleans Territory and met with General Wilkinson, a secret agent of Spain. Burr may have tried to control parts of the U.S. and conquer Mexico. In 1807, Burr was charged with treason for instigating war against Spain with conspirators. Marshall showed that Burr had not committed an overt act of treason, leading to Burr's acquittal. Burr had previously killed Hamilton in a duel. It is easy to regard Burr like a modern-day politician, hated by his opponents. In 1819 in *McCulloch v. Maryland*, Marshall ruled that states could not tax federal institutions, thus supporting the second Bank of the U.S. Today, the Constitution is read very much in the manner in which Marshall interpreted it.

In 1831, his wife Mary of 49 years died and after that he was never quite the same. In 1832, he republished a condensed two volume *Life of Washington*. Marshall was chief justice for 34 years through six presidencies. He wrote over half of the 1,000 plus Supreme Court decisions himself. Marshall's legacy was in establishing the idea of judicial review of congressional acts, allowing state judiciaries to set aside state acts if they contradicted federal acts, and establishing that the U.S. Supreme Court could reverse a state court. His achievement was developing the judiciary as the third arm of government, the other two being the Congress and the Executive branch.



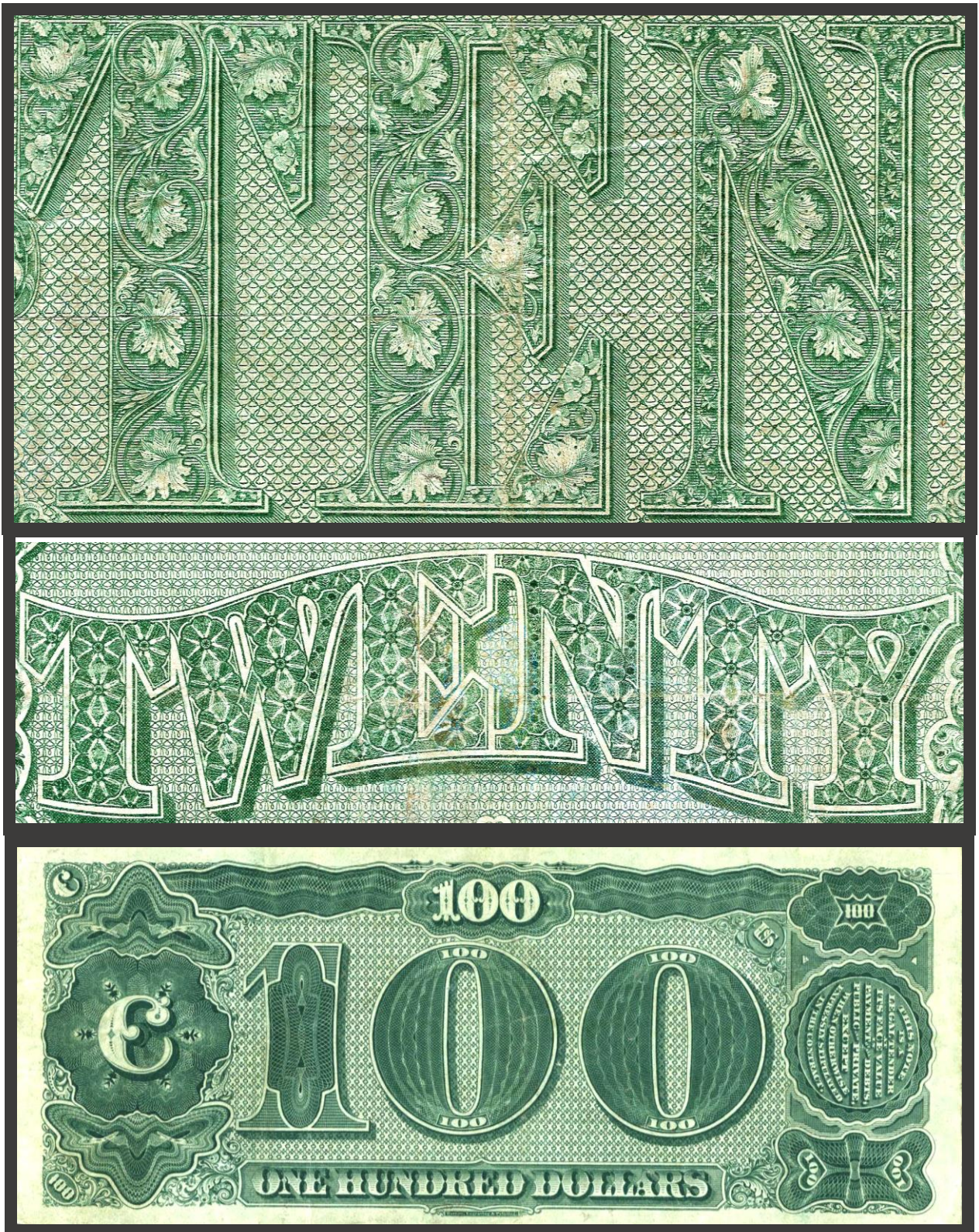
John Marshall, U.S. Government painting pre-1835.



Detail of John Marshall engraving by Charles Schlecht from series of 1890 \$20 Treasury Note.



Details of \$1, \$2, and \$5 ornate backs of Treasury Notes.



Details of \$10, \$20 and \$100 Treasury Notes. Notice zeros look like watermelons.



Back of ‘Grand Watermelon’ Treasury Note. Note similarity of zeros to watermelons.

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CHAPTER SIXTEEN

FEDERAL RESERVE NOTES OF 1914

A recession used to be defined as a decrease in the gross domestic product (GDP) for two or more quarters. It is now more complexly defined. Half the time, recessions are preceded by a stock drop of $\geq 10\%$ and half the time the drop comes after the recession. Half of stock drops of $\geq 10\%$ do not predict a recession. A depression is a decrease in GDP of $\geq 10\%$ or a recession for ≥ 3 years, but definitions are much looser for a depression. Recessions, or financial panics as they used to be called, have been common in the U.S. and are often associated with:

- Restriction of money supply by government or by bank failures, both leading to deflation.
- Burst bubbles.
- Increased oil prices.

A LIST OF U.S. RECESSIONS

- 1797-1800 panic (or recession) was caused by deflation in England.
- 1807-1814 depression was caused by Jefferson's Embargo Act of 1807 forbidding international trade.
- 1819-1824 panic was caused by foreclosures and bank failures from the economic expansion following the War of 1812.
- 1837-1843 depression was caused by a burst real estate bubble. Also, Jackson vetoed the renewal of the second Bank of the U.S. charter and he insisted on only specie payments for land, causing a monetary contraction.
- 1857-1860 panic was caused by failure of the Ohio Life Insurance and Trust Co. and a burst U.S. railroads bubble.
- 1873-1896 depression was called the great depression at the time but it is now called the Long Depression. It started after the collapse of the Vienna Stock Exchange. The years 1873-1879 and 1893-1896 were two bad periods during this recession. Despite it, U.S. industrial production rose 400% over the 23-year period.
- 1907-1908 panic was caused by a run on the Knickerbocker Trust Co leading to a severe monetary contraction.
- 1918-1921 recession followed the First World War when a sudden increase in labor from returning troops led to increased unemployment. At the same time, there was a sharp decrease in production in the U.S. from a decreased export demand from hyperinflation in Europe.
- 1929-1939 the Great Depression was caused by world wide stock market and bank crashes leading to monetary contraction.
- 1953-1954 recession was caused by a monetary contraction when the Federal Reserve restricted money supply because of fears of inflation after the Korean War.
- 1957-1958 recession was caused by monetary contraction from a tight monetary policy for two years.
- 1973-1975 recession was caused by OPEC quadrupling oil prices along with high Vietnam War spending. This led to stagflation; i.e. inflation plus high unemployment.
- 1980-1982 recession was caused by an increase in oil prices after the Iranian revolution in 1979 plus tight monetary policy because of inflation fears leading to monetary contraction.
- 1990-1991 recession was caused by a decrease in U.S. production and sales.

- 2001-2003 recession was caused by a dot.com bubble collapse.
- 2008-present recession/depression was caused by a housing bubble collapse leading to bank collapses and monetary contraction. U.S. GDP did not decrease over 10% so is not a depression.

In 1907, the run on the Knickerbocker Trust Co caused a recession. In 1908, Congress passed the Aldrich-Vreeland Act, which allowed a temporary increase in elasticity of the money supply. The act expired in 1914. The act also created the National Monetary Conference. It was chaired by Senator Aldrich. The conference members realized that the U.S. needed some elasticity in the money supply rather than the inelastic National Banking System. Elasticity meant the ability to expand and contract the money supply according to economic conditions. The answer they came up with was the Federal Reserve Act, which allowed elasticity of the money supply, more banking supervision and a permanent national central bank. But the act gave full control of the banking system to private bankers. This led to fears that rich New York bankers (called the 'Money Trust') would control American finance, but the act passed and was signed into law by President Wilson in 1913.

Previously, agrarian and populist interests like Jefferson, Jackson, the Greenbackers and free Silverites were suspicious of northeastern bankers and business controlling power. They wanted to expand the money supply, but northeastern bankers and big business wanted a return to the gold standard after the Civil War, which led to deflation and recession. The National Banking Act allowed banks to hold a small percentage of deposits in reserve as vault specie, government currency and government bonds. The bank could loan the remainder. But these loans were often long term and therefore illiquid, reducing the velocity of money and thereby causing an inelastic money supply. The velocity of money means the turnover rate of circulating money. If everyone is buying and spending, velocity is high. If everyone is saving, velocity is low. Velocity is GDP divided by the money supply.

Although Wilson signed the Federal Reserve Act into law in December, 1913 the system only actually began in November, 1914. The Federal Reserve Act created 12 Federal Reserve Banks (FRB) where the money centers were. Each FRB was capitalized by member banks within each of their Federal Reserve Districts, which controlled the board of directors of each FRB. A central Federal Reserve Board in Washington oversaw the system that could vary the money supply as needed for the economy. The Federal Reserve (or 'Fed') controls monetary policy by responding to immediate financial needs by changing interest rates and reserve requirements. This affects the economy within days. By contrast, fiscal policy is the political flip side of the coin. The quickest political response is a tax refund, which takes many weeks to enact; it is a favorite tactic of Republicans. The next quickest is federal spending or tax changes which take many months or years to stimulate the economy; these are favored by Democrats. The third side (or edge of the coin!) is foreign monetary policy. At any rate, the Federal Reserve issued Federal Reserve Notes (FRNs), which were all backed by gold. But when the Federal Reserve System started, so too had the First World War. The U.S. temporarily abandoned the gold standard but resumed it after the war.

In 1929 after the Wall Street stock market crash, 8,000 banks eventually failed. In 1933, FDR closed the banks and dropped the gold standard. Banks, academics and bureaucrats at the time believed in the 'real bills doctrine,' an arcane and difficult to understand philosophy. The real bill doctrine said that issuing money beyond what is backed by bullion is not inflationary as long as it is backed by real equity. If it was backed by projected future production it was inflationary to issue extra paper money. But the Fed wanted to back paper money by high-quality, short-term treasury debt. And this was contrary to the philosophy of old bankers and academics.

Congress enacted the Glass-Steagall Act of 1933, which created the DIC, regulation Q and separated investment banks, insurance companies and depository banks. Regulation Q prohibited banks from paying interest on checking deposits. The Banking Act of 1935 removed the U.S. Treasurer and U.S. Comptroller of the Currency from the central Federal Reserve System Board, allowing a truly independent Federal Reserve System. The Employment Act of 1946 directed the Federal Reserve System to balance unemployment and inflation. The Treasury Accord of 1951 said the Federal Reserve System was not responsible for being a buyer of last resort of Treasury securities.

The current Fed has a board of governors of 7 members, each appointed for 14-year terms, a Federal Open Market Committee (FOMC) consisting of the board plus five Federal Reserve Bank presidents and 12 Federal Reserve Banks

(and about 5,000 member banks). The board of governors report to Congress twice a year, regulates banks and set the required reserve ratio. The FOMC directs the FRB of New York to exercise open market operations. The 12 FRBs propose discount rates, lend money, clear checks and act as a bank for the government.

The functions of the Fed are monetary policy, regulating banks, being the payment mechanism for checks clearing and being the bank for the government. The tools of the Fed are open market operations to buy and sell Treasury securities, setting the discount rate percentage charged to banks, setting the required reserve ratio (currently 0% for the first \$9.3 million in deposits, 3% for \$9.3 to \$43.9 million and 10% for over \$43.9 million) and buying or selling foreign currency. However, typically it concentrates only on treasury securities and the discount rate.

FRNs and FRBNs were authorized by the Federal Reserve Act of 1913. The series started in 1914 with \$5, \$10, \$20, \$50 and \$100. The 1918 series provided for \$500 to \$10,000 notes. FRNs were issued by the U.S. for all 12 FRBs. The U.S. government is obliged to pay the holder and the note is redeemable in gold or lawful currency (this, of course, changed in 1933). The first issue had red seals but within a year they had blue seals, which are, of course, much commoner. It was said that the BEP had trouble getting red ink during the First World War, but they seemed to have had plenty of ink for other notes, so this may not be the correct explanation. By 1920, two thirds of U.S. currency were FRNs. They carried two signatures- the treasurer of the U.S. and the secretary of the Treasury.



JT 51 Federal Reserve Note 1914 \$5, Fr 851A, EF 40, Accession # 995.

There are 447 known for the above variety. In 2012, 624 are estimated, with 16,493 for the type. This is a common note. Values are \$65 in F, \$110 in VF, \$150 in EF and \$400 in CU63. The note has a scalloped blue seal and is signed by White and Mellon. The engraving of Lincoln is by Charles Burt and is after a photograph by Anthony Berger, Matthew Brady's partner. The engraving was first used on the \$100 Treasury Note of 1869.

The back shows the landing of the Pilgrims, engraved by Charles Burt. When Protestant Queen Elizabeth died in 1603, James VI of Scotland was next in line for the English throne and became King James I of England. Puritans and non-Anglican Protestants called Separatists were then persecuted and imprisoned. A group of separatists called Pilgrims under Robinson, Brewster and Bradford, left England for Leiden, Holland. In Leiden, their children started adopting Dutch ways and the adults had to adapt to an industrial rather than agricultural community. After Brewster published criticism of James I in 1618, English agents in Holland tried to arrest him, so the Pilgrims sought new soil. In 1619, they got a land patent from the London Virginia Company and obtained financing through the Merchant Adventurers- Puritan businessmen.

The Pilgrims were Calvinists who felt the Anglican Church of England was morally defunct and so left it. They actually called themselves 'Saints,' not Pilgrims, and as Calvinists they felt they were predestined to have a special place in heaven. By contrast, the Puritans wanted to reform or purify the Church of England from within. The Pilgrims first set sail in the Speedwell from Holland, as depicted on the engraving on the back of the \$10,000 FRN called the *Embarkation of the Pilgrims*. The note is not affordable. The BEP souvenir card is! Actually, the engraving is also found on the back of the First Charter \$50 National Banknote.



Thirty Pilgrims in the Speedwell and ninety more in the Mayflower sailed from Southampton later in 1620 after many delays. The Speedwell took on too much water and had to stop twice and eventually all passengers, by now 102, sailed in the Mayflower. Some say Speedwell's master intentionally sabotaged his ship to avoid the dangerous trans-Atlantic voyage. Originally scheduled to settle in the mouth of the Hudson, they had difficulty reaching it and ran low on food, so they landed and settled instead in Plymouth. They sought land patents for Plymouth in 1621 from the Plymouth council, a group of businessmen. These patents had previously expired after the 1607 failed Popham Colony, an English settlement in Maine. European fishermen had fished in the Northeast for over 100 years with temporary summer settlements. Champlain explored the area in 1605 and Captain John Smith also explored it in 1614, publishing a book in 1616 called *A Description of New England*. Local Native American populations had been ravaged by European diseases and almost died out in some areas.

While anchored off Cape Cod, their first landfall, the Pilgrims found evidence of a previous European fort. The Pilgrims drafted and signed the Mayflower Compact to govern the colony- the first democratic document of the New World. They spent about a month near Provincetown, Cape Cod, angering Native Americans by raiding their corn stores, which led to a skirmish with them. They decided to move elsewhere.



Detail from \$10,000 FRN Back BEP souvenir card of *Embarkation of the Pilgrims*.



Embarkation of the Pilgrims was first painted by Adam Willaerts in Delfshaven in 1620. This was copied by Robert Weir in 1844. That painting, depicted above, now hangs in the Rotunda of the U.S. Capitol. It shows William Brewster holding a bible and pastor John Robinson leading families in prayer.



Henry Bacon's *The Landing of the Pilgrims*, painted 1877, depicting fifteen year old Mary Chilton, supposedly the first person to step ashore. Her parents James and Susanna both died in the first winter.

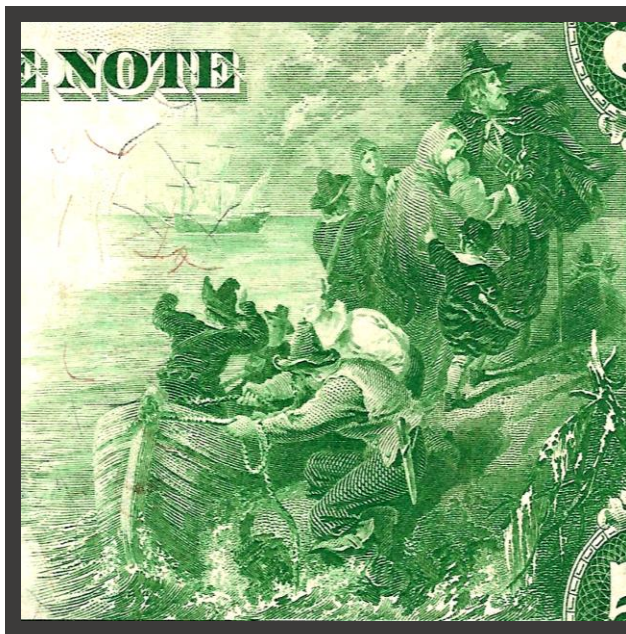
The Mayflower anchored at present day Provincetown Harbor, Cape Cod on November 11th. Soon after, Miles Standish led three expeditions across Cape Cod, although the Pilgrims largely stayed on board. They then anchored in Plymouth Harbor on December 17th and reconnoitered for a site for three days. The landing of the Pilgrims usually refers to their landfall in Plymouth and not Cape Cod. Numerous pictures and sculptures have depicted the moment.

After reconnoitering, they built a communal house and then further buildings. Forty-five of the 102 died that winter. In March, 1621 a Native American, Samoset, who had learned English from fishermen, introduced himself and told them about Squanto, of the Patuxet tribe, a branch of the Wampanoag Confederacy. Squanto was a local Indian who had been abducted in 1614 by the English and enslaved by Spanish monks. He then escaped to England and became a guide for an English explorer. The English explorer was killed by Massasoit, the local Indian chief, thus rescuing Squanto. Massasoit knew the Pilgrims had stolen corn and robbed a grave, and that previous Englishmen had killed members of his tribe without reason. Nevertheless, he established a peace treaty with them. Squanto stayed with the Pilgrims, teaching them how to survive and translating for them from Algonquin to English.

In 1621, another ship, Fortune, delivered 37 new settlers to Plymouth and returned with £500 of goods to repay their debt, but the ship was captured by the French. In 1623, more ships and settlers arrived and by 1630 there were about 300 colonists in Plymouth. From 1630 to 1640, 20,000 Puritan colonists arrived in Massachusetts Bay Colony ('the Great Migration'), dwarfing Plymouth. In 1691, Plymouth was absorbed into Massachusetts Bay Colony.



Left: *Landing of Pilgrims* from back of \$5 3rd Charter National, right: from back of \$1 1st Charter National.



Left: *Landing of Pilgrims* by Charles Burt from back of \$5 FRBN, right: from back of \$5 FRN. Notice the Mayflower in the background.

The \$5 FRN shows Columbus sighting land on the left and on the right the landing of the Pilgrims. The \$5 3rd charter NBN also shows the same vignette of the Pilgrims, as does the back of the \$1 1st charter, as does the back of the \$5 FRBN. There is some manipulation of the engraving, as can be seen on the bush with icicles on the right side of the lower engravings, which has lost its upper trunk.



JT 52 \$10 Federal Reserve Note of 1914, Fr 911c, AU 50, Accession # 996.

Ninety-six are known for this variety. In 2012, 165 are estimated, with 12,787 for the type. This is a common note. Values are \$85 in F, \$125 in VF, \$175 in EF and \$450 in CU63. It has a scalloped blue seal and is signed by White and Mellon. Jackson's vignette is by Alfred Sealy. Both back vignettes of agriculture and manufacturing were engraved by Marcus Baldwin. The series of 1914 started with red seals for about a year and then switched to blue seals, so this note was produced during the First World War. The back depicts the contrast of agriculture and industry.

In 1914, when the note started, the U.S. population was 99 million, of which 46% was living in urban settings. In 2009, the population is 306 million and 81% are urban dwellers. In 1914, less than 1% of houses had indoor plumbing; in 2009 it was over 99%. In 1914, 8% of houses had a telephone; today over 98% have them. In 1914, there was one auto to every 12,000 people; today it is 1.2 per person. The average wage in 1914 was 20 cents per hour, or \$400 a year. A farm laborer earned \$250 a year with board included. A union carpenter in New York City made \$1,500 a year. An accountant made \$2,000 and a dentist or physician \$2,500. There was no minimum working wage. Minimum wage first started in 1938 at 25 cents per hour. The minimum wage in mid-2009 rose to \$7.25.

Wages today are 30 to 80 times what they were in 1914. The average working wage is now \$32,140 and median household income \$46,000. Average accountants make \$63,000 and dentists and physicians make around \$150,000. The consumer price index (CPI) was 10 in 1914 and it is now 210. Thus, an average wage of \$400 was equivalent to \$8,000

now, and the income of a dentist or physician would now be equivalent to \$50,000. Unemployment was 7.5%, as it is now during the recession. The above \$10 bill would now have the spending power of \$200, according to the CPI. Earnings are perhaps 50 times higher, reflecting greater general wealth and spending power today. The GDP in 1914 was around \$35 billion or \$350 per capita, or \$7,350 in today's money. GDP only started being accurately measured after the Second World War. Previous figures are estimates. Today in 2009, the GDP is \$14.6 trillion or \$47,700 per capita- a significant improvement in wealth of six or seven-fold.



Detail of Andrew Jackson vignette by Alfred Sealy from \$10 Federal Reserve Note of 1914.

In 1914, 18% of households had a full-time servant, whereas now it is less than 1%. In 1914, sugar was four cents a pound, coffee 15 cents a pound and eggs 14 cents a dozen. A first-class stamp was two cents and it is now 44 cents. The Model T Ford had just started production in 1908 and sold for \$850 in 1914. The average industrial wage was then \$2.50 for a 9-hour day until Henry Ford paid \$5 a day to stop turnover and dissatisfaction. Ford also wanted his employees to buy his cars. Today, a new Ford Taurus costs \$25,000 to \$30,000.

The leading causes of death in 1914 were pneumonia, influenza, tuberculosis, infectious diarrhea, heart disease and stroke. Today it is heart disease, cancer, stroke, pneumonia and unintentional injuries. The life expectancy at birth in 1914 was 47 and it is now 78.

We often forget that taxes are local, state and federal. In 1914, most of the local and state taxes were based on property. In 1914, the total tax burden was about 8% of income, of which 6% was local and state and 2% was federal. Today local taxes are still based mainly on property and account for \$1 trillion in taxes per year. State taxes are based mainly on income and sales tax, and account for \$1.2 trillion in taxes per year. Federal taxes are based mainly on income and account for \$2.6 trillion in taxes per year. Total taxes (which allow for intergovernmental transfers) are \$4.8 trillion per year, or 32% of income.

In 1913, the federal government passed the 16th amendment- federal income tax. For incomes under \$300, there was no tax, for those up to \$10,000 there was 3% tax, for those up to \$500,000 there was a 5% tax and for those over \$500,000 there was a 7% tax. Today tax for 'married, filing jointly' for incomes under \$16,000 is 10%, for those up to \$65,000 it is 15%, for those up to \$131,000 it is 25%, for those up to \$200,000 it is 28%, for those up to \$357,000 it is 33% and for those over \$357,000 it is 35%. FICA or social security tax only started in 1935 at 1% for the employer and 1% for the employee. It is now 7.65% for each. In France today, it is almost 20% each!

In 1914, the First World War started, although the U.S. stayed out of it initially. The Panama Canal opened, celebrated at the Panama-Pacific Exposition in San Francisco the next year. The Federal Trade Commission also started in 1914, as well as Charlie Chaplin's first *Little Tramp* movie.



Detail of farm or agriculture vignette by Marcus Baldwin on back of \$10 FRN.

On the back of the \$10 FRN are the vignettes of a combine harvester, representing agriculture, and a factory, train and car, representing manufacturing. We should remember that in 1914, 54% of the population in the U.S. lived in rural areas and that farming was still huge. In 1831, Cyrus McCormick launched his reaper to mechanically harvest grain and formed a company to manufacture them. The combine harvester was first invented by Hiram Moore in 1838.

In 1902, McCormick's company merged in a \$120 million deal to form the International Harvester company. That year, it still took an hour to harvest enough grain for 10 loaves of bread. In 1915, the company offered its first combine harvester. This one was drawn by a team of four horses. In 1925, International Harvester offered their first tractor-drawn combine. After that, combines took off. Combines were so called because they combined the tasks of harvesting, threshing and cleaning grains.

Note the truck below loading onto the railroad car. It looks like a Ford TT, but the first TT chassis was produced in 1917 before the note was engraved. It had to have been a modified Ford T. Ford made his first production car, the Model A, in 1903-4; the Model B was a little more upscale, and he started a different Model C in 1904, Model F in 1905-6, Model N in 1906, R (with more trim) in 1907-9, S (more modern looking) in 1906 and K in 1906-8. The Model T was the breakthrough, which lasted from 1908 to 1927. It was replaced by a different Model A from 1927 to 1931.



Detail of factory or manufacturing vignette by Marcus Baldwin on back of \$10 FRN.

Forty-eight are known for the variety below. In 2012, 209 are estimated, with 11,552 for the type. This is a common note. Values are \$100 in F, \$165 in VF, \$300 in EF and \$3,500 in CU63. The note has a scalloped blue seal and is signed by Burke and Glass. The vignette of Cleveland is by GFC Smillie. The back vignettes correctly called 'Land, Sea and Air' was engraved by Marcus Baldwin. He did both vignettes for both the backs of the \$20 and \$50 FRN in only 20 ½ working days according to Gene Hessler.

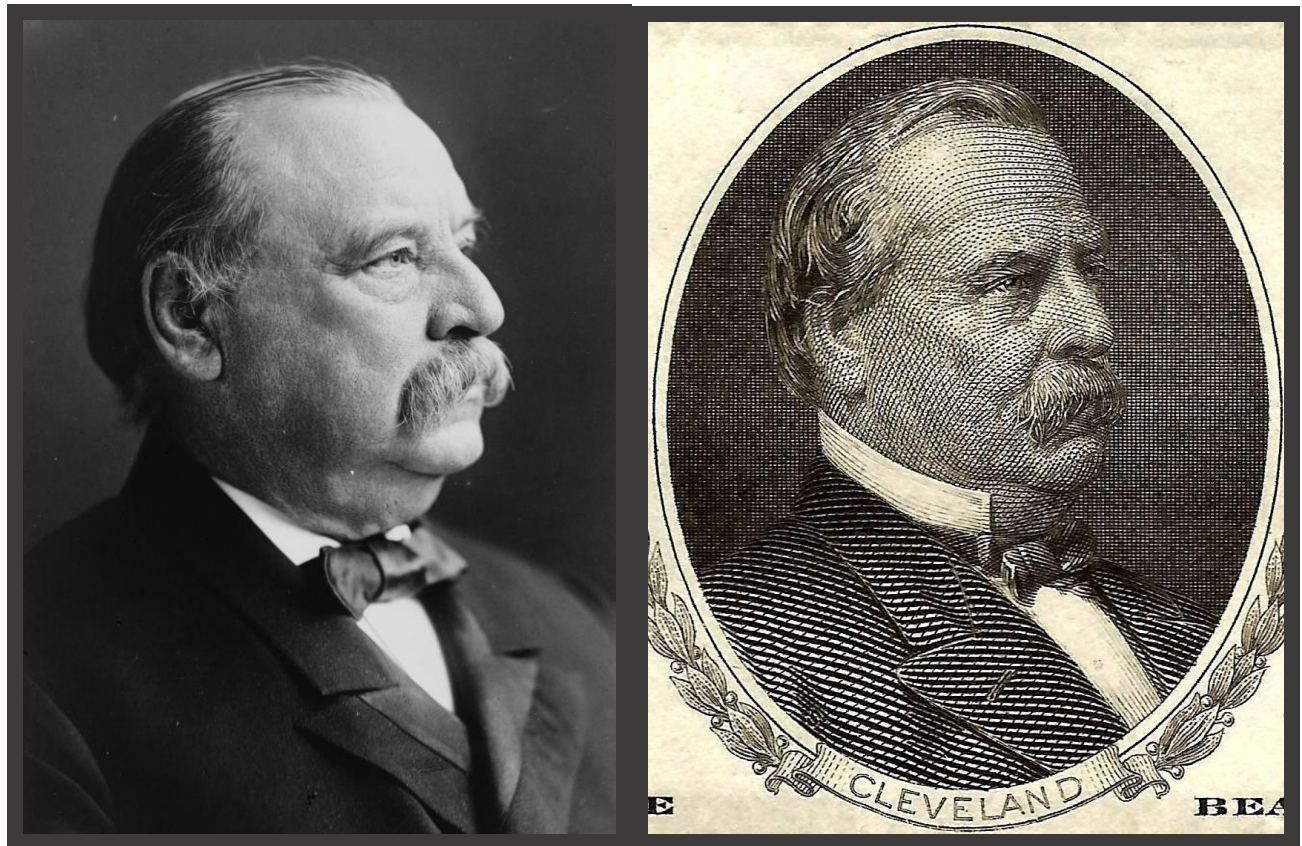
Grover Cleveland (1837-1908) was the only president to serve two non-consecutive terms in 1885 and 1893, and was the only Democratic president during an era of Republican domination in 1860-1912. He was born to a Presbyterian minister who died when Cleveland was 16. Cleveland left school to help his family and later that year took a single year appointment as assistant teacher at the New York Institute for the Blind. Subsequently, he traveled to Buffalo where his uncle arranged a law partnership. After a clerkship with Rogers, Bowen and Rogers, he was admitted to the bar in 1859 at age 22 and worked for Rogers for three years before starting his own practice.



JT 53 \$20 Federal Reserve Note of 1914, Fr 969, AU 55, Accession # 997.

He paid a man \$150 to serve in his place in the Civil War conscription. As a Democrat, he ran for county sheriff at 33, which paid him \$20,000 a year for two years (a fortune at the time) until 1874 when he resumed his lucrative law practice in Buffalo. In 1881, when local Republicans nominated a slate of dirty machine politicians, Democrats asked honest Grover to run as Buffalo mayor. He was successful in 1881. When the city council selected the highest bidder for street cleaning because of political connections, Cleveland refused the contract. As an honest politician, he got elected as

New York Governor, where eight times in his first two months he vetoed the State Legislature's excessive spending, earning him the hatred of the Democratic Tammany Hall machine under John Kelly. This was balanced by earning the support of Teddy Roosevelt and other Republican reformers.

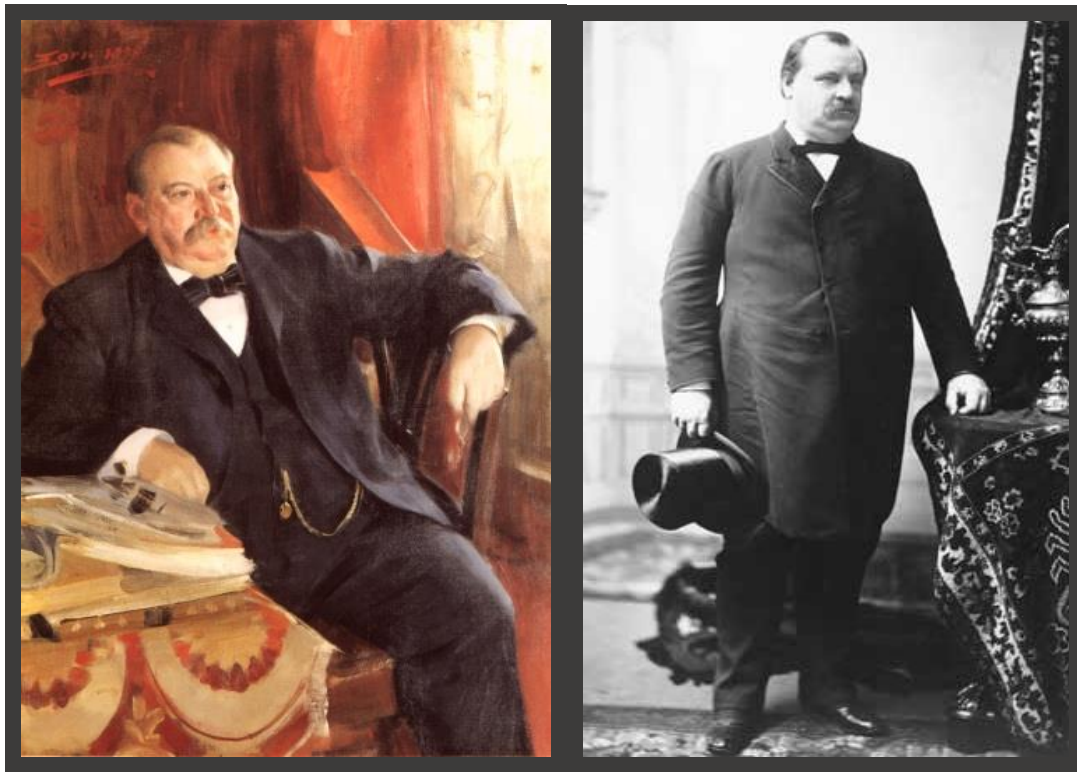


Left: Cleveland at 66 by Frederick Gutekunst from the Library of Congress; right: GFC Smillie's engraving.

In 1884, the Republicans nominated James Blaine, ex-speaker of the House, for president. Ultimately, Cleveland was nominated by the Democrats after some opposition. Reform-minded Republicans called 'mugwumps' supported President Cleveland, hoping for civil service reform. Previously, all civil service jobs were awarded to incoming presidential supporters rather than to experts. Cleveland's opponents said he had fathered a bastard child. The cry went up, "Ma, Ma, where's my Pa?" Cleveland responded by admitting paying child support to Maria Halpin, saying he did not know if he was the father but he did the right thing.

Ultimately, Tammany Hall decided to support their hated Cleveland rather than a Republican. After election in 1885, President Cleveland kept on civil servants doing their job well regardless of party and reduced the total number of bureaucrats. He vetoed hundreds of private pension bills for Civil War veterans brought by Republicans and also vetoed a bill granting free seed to Texas farmers after a drought.

At the time, silver was worth less than its legal equivalent in gold, so taxpayers paid their bills in silver. But international creditors demanded gold. As a result, U.S. gold supplies sagged. Cleveland opposed the Bland Allison Act to coin huge quantities of silver dollars, angering western interests and his own Silverite Democrats. Federal taxes at the time ran at a surplus because of high tariffs. Cleveland said the public should not be paying more than the government's operating expenses. Republicans felt that without tariffs, U.S. businesses would fail. Thus, Cleveland favored freer trade, less taxation, a meritocracy, less government pork and a gold standard. Although he was nominally a Democrat, he was acting as what we would now think of as being a Republican.



Left: 1899 oil painting of Cleveland by Anders Zorn, right: photo of Cleveland from Library of Congress. He clearly had a problem with obesity.

Oscar Folsom Cleveland, his possible bastard son, was named after Cleveland's friend and law partner Oscar Folsom. In 1886, Cleveland married Oscar Folsom's daughter, Frances. He was 49 and she was 21. This was the only marriage at the White House. The public accepted it.

Hendricks of 'Tombstone' fame was Cleveland's vice president. Hendricks died in 1885. He was not replaced and the post remained vacant until 1888. In 1888, Democrats supported David Hill, thereby weakening Cleveland who lost the election to Republican Benjamin Harrison. Cleveland then worked as a lawyer in New York City for four years, but in 1891 he could stand it no longer and spoke out publicly against the Silverites. In 1892, David Hill again fought Cleveland for the Democratic nomination but Cleveland won, with Adlai Stevenson, a Silverite, as vice president. Republicans supported tariffs successfully in 1888, but by 1892 imported goods were so costly that tariffs became a liability. As a result, Cleveland won the election.

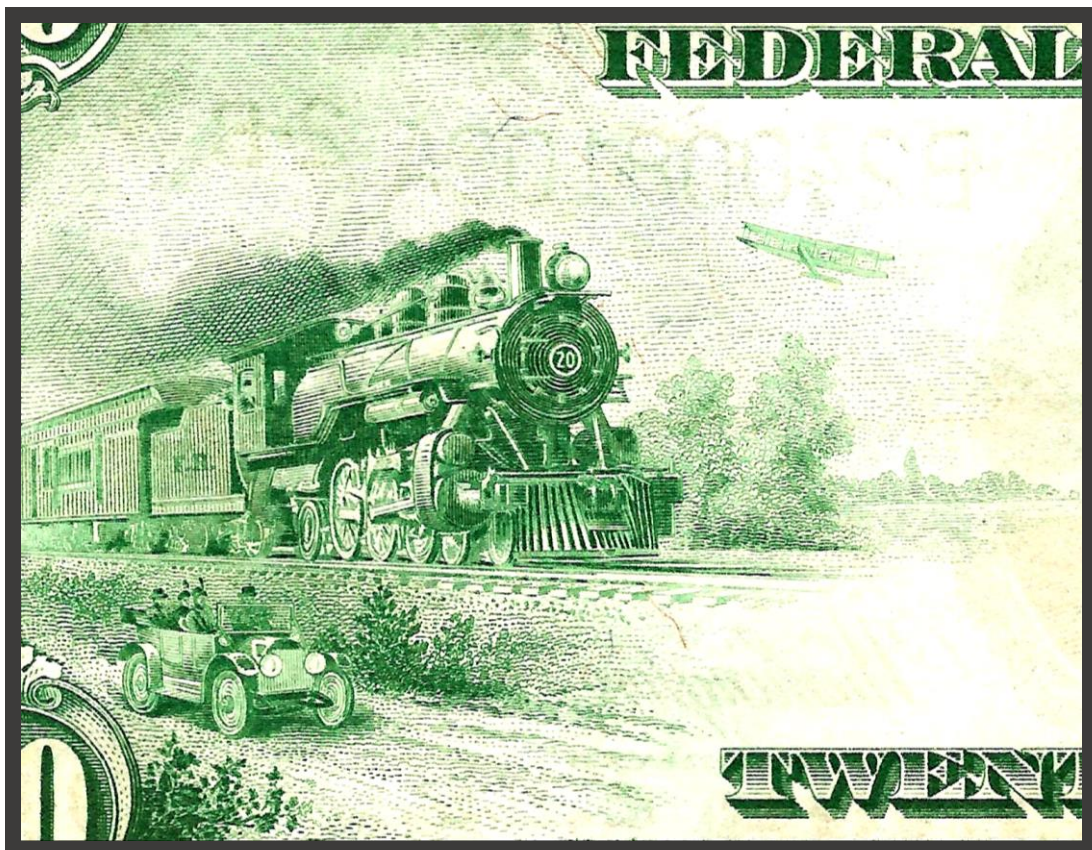
The panic of 1893 struck next year, part of the 'Long Depression' of 1873-1896, with two exacerbations in 1873-1879 and 1893-1896. Silver mining interests pushed the free coinage of silver and demanded payment in gold, thereby depleting U.S. gold reserves. Despite all this, it still took 15 weeks of debate in the House of Representatives before the Sherman Silver Act of 1891 could be repealed. The House passed legislation to decrease tariffs and passed the bill to the Senate, who attached 600- yes, 600- amendments! Cleveland denounced the result as disgraceful but signed the bill, as tariffs were reduced. In 1894, workers at the Pullman Company struck, attracting sympathetic railroad union strikes that paralyzed the country. But several of the striking railway lines were in federal receivership, so Cleveland sent in federal troops to control the lines. Democratic and Republican news media approved but unions became hardened.

In 1893, Cleveland sought advice from White House Dr. O'Reilley about a growth in his left hard palate. The tumor was removed (later found to be a verrucous carcinoma, a somewhat indolent tumor). But because of the financial depression, Cleveland decided to have the operation secretly, which was done under the guise of a cruise on the Yacht Oneida off Long Island. The operation was done under nitrous oxide and ether and left a hard palate defect that took months to heal and ultimately remedied by rubber prosthesis. The public was told he had two bad teeth removed.

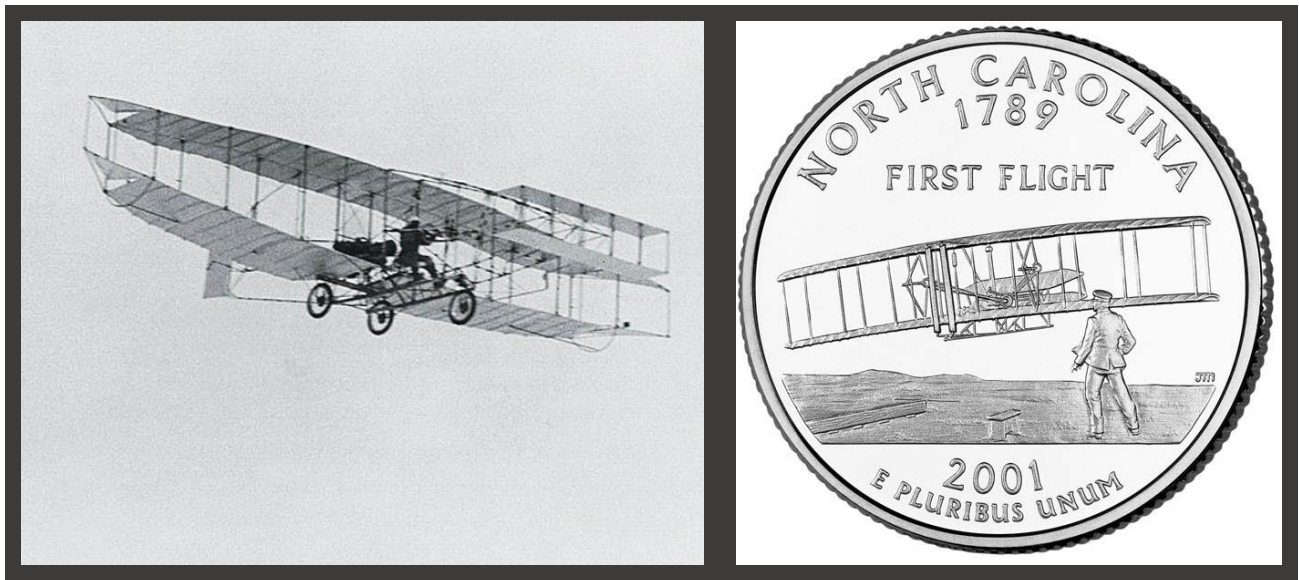
Such a lack of transparency would be unacceptable today. But, interestingly, even today there is still no clear policy on transparency about presidential medical histories, which there should be. For example, Senator Paul Tsongas was diagnosed with non-Hodgkin's Lymphoma in 1983. In 1992, he ran as a U.S. presidential candidate against Bill Clinton. After several misrepresentations about his medical condition, he died of his lymphoma in 1997 when he would have been at the end of his term in office. Had he been elected, he would have been incapacitated during much of his presidency. In 1919, President Woodrow Wilson had a major stroke while in office and the public was kept in the dark about it. His wife, Edith, ran the presidency until 1921 when Warren Harding took over. The public was still kept in the dark until when, in 1924 Wilson died, the facts were finally revealed- clearly not a democracy.

By 1896, Democrats asked Cleveland to run again as a pro-gold-standard politician. He refused. William Jennings Bryan was chosen instead. Bryan gave his famous 'cross of gold' speech and lost to Republican McKinley. Cleveland retired to Princeton, New Jersey for 12 years until he died from a heart attack in 1908.

The back of the \$10 FRN note below displays land, sea and air transport. Railroads and ships were common, but the auto was somewhat new and the airplane even newer. Wilbur and Orville Wright were generally accepted as the first to build, pilot and control an airplane with their flight at Kitty Hawk in 1903. They had started as bicycle repairmen with the bicycle craze of the 1890s and saw photos of Otto Lilienthal gliding. In 1892, Samuel Langley flew a steam powered model airplane and by 1899 Wilbur started experiments. He was soon joined by Orville. After further airplane designs and flights in 1904 and 1905, they travelled to Europe and negotiated with the U.S. and with France to sell planes. Wilbur had an uphill battle fighting for his patents until in 1912 at 45 he died from typhoid fever. Orville became wealthy and died at 76 from a heart attack. Neither of them ever married. In 1913, the U.S. Army formed the first Aero Squadron. An example of the sort of plane the Wrights may have flown is the Aerial Experimental Association Silver Dart, partly designed by Alexander Graham Bell, which first flew in 1909. The auto on the left is likely a Ford Model T 2 door roadster.



Detail of Marcus Baldwin engraving from back of \$20 FRN series of 1914: *Land and Air Transport*.



Left: AEA Silver Dart 1909, right: North Carolina State Quarter 2001.



Detail of Marcus Baldwin engraving from back of \$20 FRN: *Sea Transport*.



JT 54 \$50 Federal Reserve Note of 1914, Fr 1039B, VF 30, Accession # 1407.

Thirty-six are known for the above variety. In 2012, 75 are estimated, with 5,116 for the type. Values are \$300 in F, \$485 in VF, \$1,100 in EF and \$3,750 in CU63. It has a scalloped blue seal and is signed by White and Mellon. Grant's vignette was engraved by John Eissler. The back vignette was engraved by Marcus Baldwin. The back of the note symbolizes the Panama Canal.

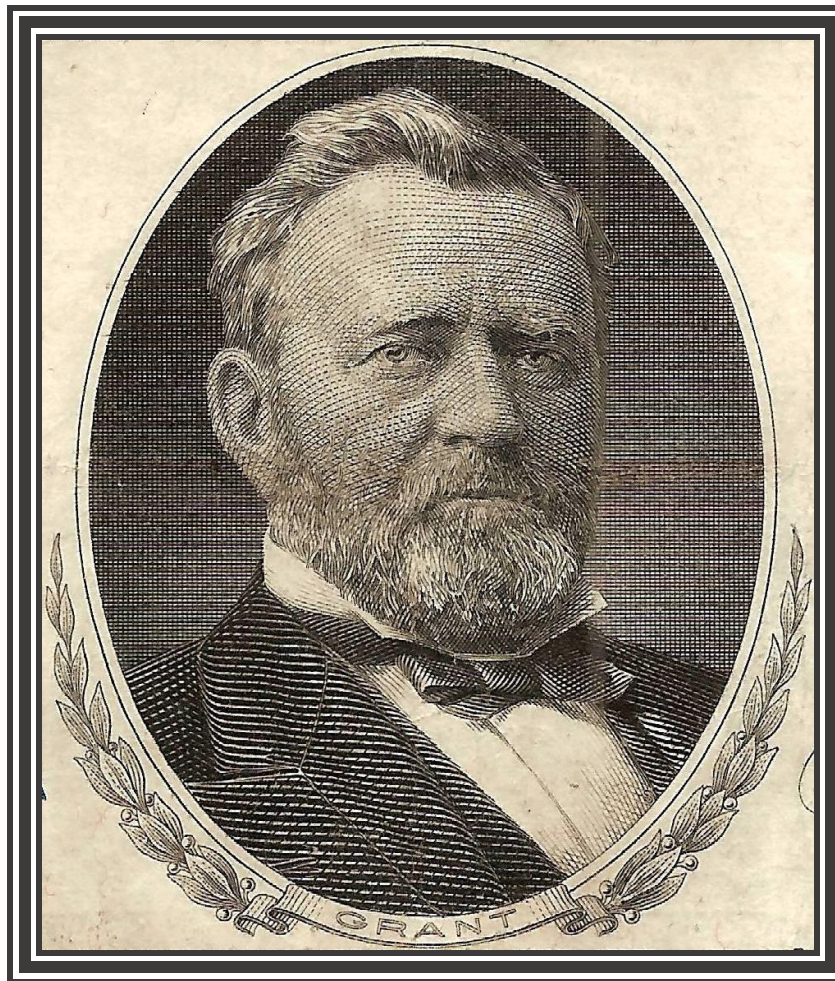
The Panama Canal cut the voyage between New York and San Francisco via the dangerous Cape Horn from 14,000 miles to 6,000 miles. In 1698, the King of Scotland had launched the Darien scheme to develop an overland trade route through southern Panama, linking the Atlantic and Pacific oceans. The scheme failed disastrously, almost bankrupting Scotland, but was the first attempt to link the Atlantic with the Pacific oceans. Spurred by the California gold rush, the Panama Railway opened in 1855 so travelers between New York and San Francisco could travel overland in safety between the two ports of Colon and Panama City. Shipping consisted of two boats that plied traffic on each side.

The French, under Ferdinand de Lesseps, built the Suez Canal in 1858-1869, using 30,000 forced Egyptian laborers to cut a 120-mile-long channel. In 1880, de Lesseps started a 48-mile canal in Panama as well, but he had not studied the area properly- 22,000 died from yellow fever and malaria. The French realized they could not even maintain such a canal, let alone finish it. The mosquito was unknown as the vector of malaria and yellow fever at the time. In 1889, construction stopped and in 1893 the French left. In 1898, the French Canal Syndicate head, Philippe Bunau-Varilla,

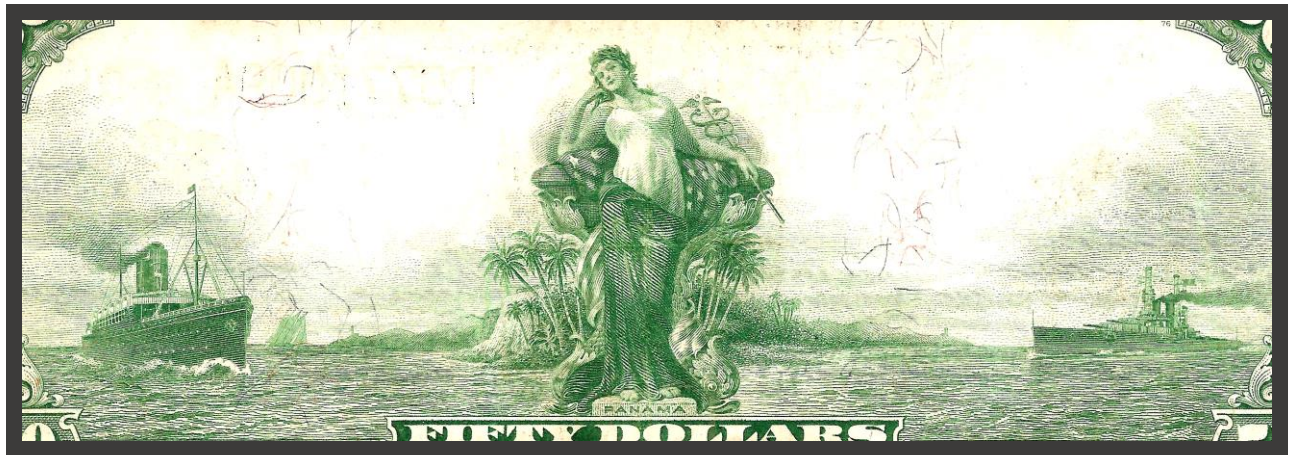
hired William Cromwell, a U.S. lobbyist, to persuade the U.S. to take over the project and to buy out France. It took 67 days for the U.S. Navy vessel Oregon to rush from San Francisco to the Caribbean when the U.S. was verging on war with Spain. Teddy Roosevelt vowed to build a canal.

Initially, Nicaragua was chosen as a route, but in 1902 U.S. lobbyist Cromwell noticed a Nicaraguan stamp printed by the American Bank Note Company showing the Momotombo Volcano erupting, which he mailed to all senators to persuade them that a Nicaraguan canal might be destroyed by lava and fire. Although Teddy Roosevelt wanted the Panamanian route, the Senate was hell bent on the Nicaraguan route. The French agreed to sell their interest for \$40 million. In 1903, the U.S. signed a treaty with Panama, projecting a 10-year construction cost of \$387 million, and granting the U.S. permanent administration rights for the canal. Construction lasted from 1904 to 1914. Chief Engineer John Stevens oversaw mosquito control programs, developed locks and rebuilt the Panama Railway. Small French machines were replaced with giant hydraulic crushers and a special railroad system was developed to remove excavated soil. Stevens realized locks would be needed. The first ships passed through in 1914, two years ahead of projected completion. In 1921, the U.S. paid Columbia \$25 million to compensate for Panama's secession.

The Panama Pacific Exposition in San Francisco celebrated its opening but also showcased San Francisco's recovery from the 1906 earthquake. The centerpiece was the Tower of Jewels- 435 feet high with 100,000 colored cut glass pieces that sparkled in the sun by day and shone by 50 search lights at night. A dozen huge buildings built of staff (burlap mixed with plaster) over a temporary frame housed exhibits. The buildings were pulled down after the year's exhibit. Only the Palace of Fine Arts remained standing- built to a stricter fire code to ensure its contents during the exhibit. It was rebuilt in 1960 and now houses a science museum.



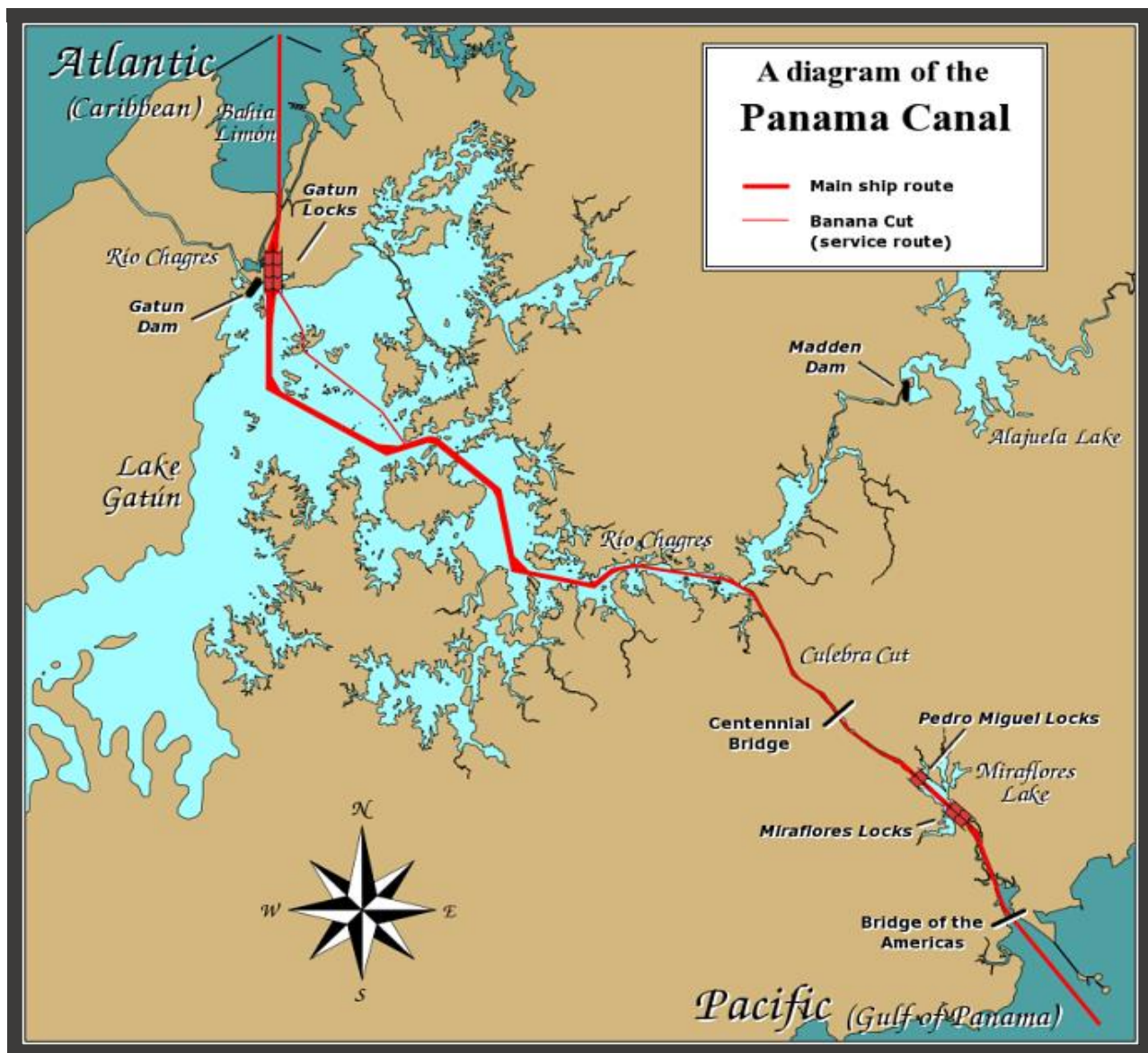
Detail of Ulysses S. Grant vignette by John Eissler, from \$50 Federal Reserve Note.



Comparison of two notes- top: *Allegory of Panama*, by Marcus Baldwin, from back of \$50 FRN, bottom: *America Standing on the World Controlling Pacific and Atlantic*, from back of 3rd Charter \$10 National Bank Note.



Nicaragua stamp of Momotombo Volcano.

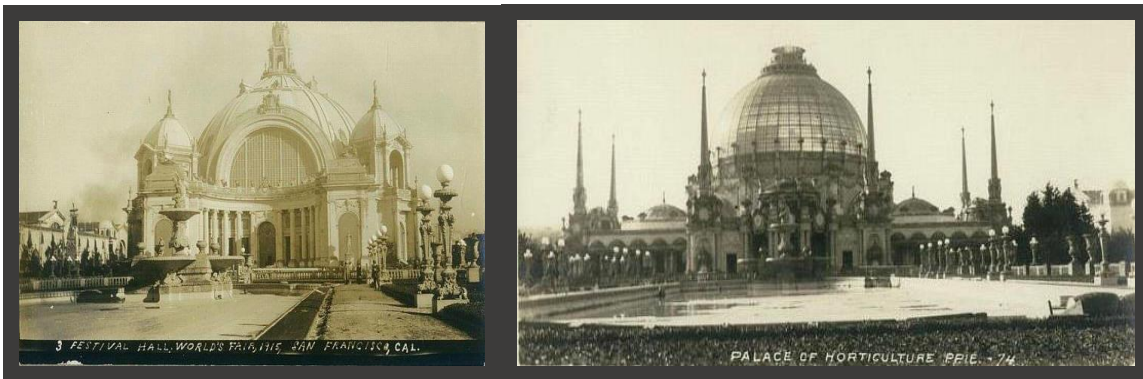




Above: constructing the Culebra Cut, below: the Gaillard Cut through the continental divide in Panama.



Panama Pacific Exposition with the Tower of Jewels on the left and the Italian Tower on the right.



Left: Panama Pacific Expo Festival Hall, right: Panama Pacific Exposition Palace of Horticulture.



Panama Pacific Exposition Palace of Fine Arts in 1919 before it fell into disrepair.



Panama Pacific commemorative half dollar, 1915.

In 1935, the Madden Dam was finished, creating Madden Lake (Alajuela Lake), with water storage for the Panama Canal's locks. In 1939, larger locks were constructed. The maximum size of vessels that fit through is called Panamax.

Larger vessels are called super-Panamax or post-Panamax. In 2008, 14,702 vessels passed through. Maximum lock size is 110 by 1,000 feet. The Atlantic entrance is at Colon in Colon Harbor. A ship passes through the Gatun Locks in the northwest and into Lake Gatun, then into the Culebra Cut, then into the Pedro Miguel locks into Miraflores Lake, then into the Miraflores locks, and then southeast under the Bridge of the Americas adjacent to Balboa, just south of Panama City. The Pacific is 20 cm higher than the Atlantic.

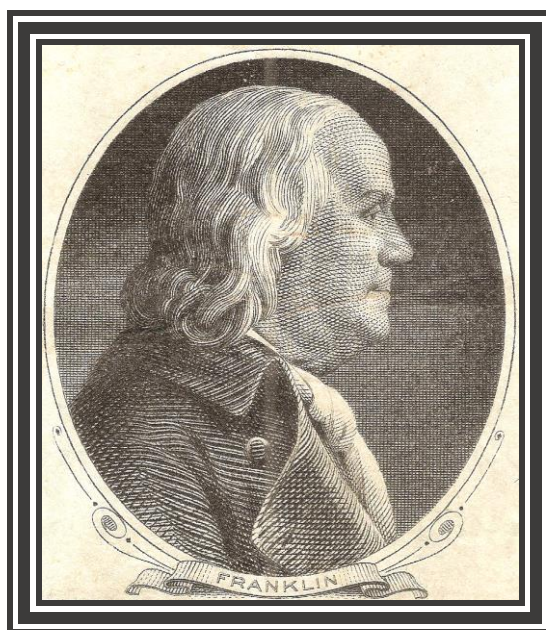
Since the Panama Canal Authority (ACP) took over, tonnage throughput has increased 36%. The two dams create hydro-electric power, 75% of which is not used by the canal and is sold. The Suez Canal still competes for Asian traffic to the East Coast. Plans are afoot for locks of 1,400 by 180 feet for super-Panamax vessels, which will cost \$5 billion. Panamanians felt the canal belonged to Panama, so in 1977 Carter gave the canal to Panama as long as Panama guaranteed permanent neutrality of the canal.

Twenty-six are known for the variety below. In 2012, 59 are estimated, with 3,460 for the type. Values are \$600 in F, \$775 in VF, \$1,800 in EF and \$3,000 in CU63. It has a scalloped blue seal and is signed by Burke and Houston. It is Bowers and Sundman #34. The \$100 bill is nicknamed the C-note, Benny and Hunski. It has a portrait of Benjamin Franklin just as the current small-sized bill does. On the front of the note, Benjamin Franklin was engraved by Marcus W. Baldwin, a stamp engraver for the BEP around the turn of the century. On the back is a drawing by Kenyon Cox, representing Labor, Plenty, America, Peace and Commerce. The figure on the left is a man with a sheave of grain symbolizing agriculture and representing labor. On the right is Mercury, Greek messenger god, with his winged helmet and sandals. In his right hand he holds a caduceus and in his left a parcel. He symbolizes commerce. The center group shows three women. The central character has a liberty cap surrounded by olive leaves representing America, the left one holds a horn of plenty and the right one holds out an olive branch, symbolizing peace. The drawing was engraved by G.F.C. Smillie.

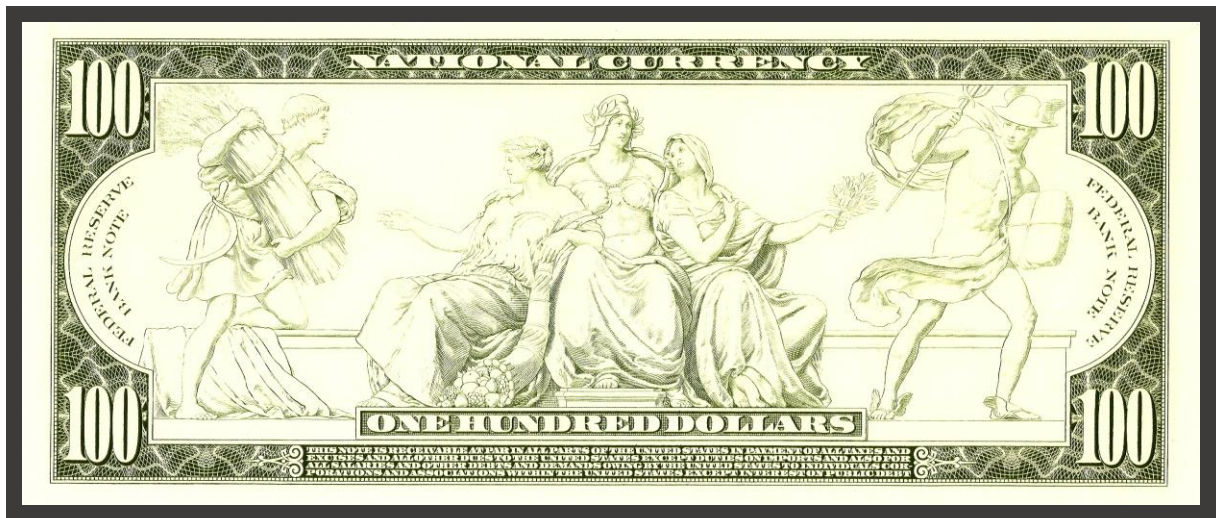
Cox studied art in Paris in 1877 for five years and then returned to New York City, where he made a living mainly as an illustrator, art critic, writer and poet. He was a realist and often used allegory and symbolism. He opposed modern styles, publishing *Concerning Painting: Considerations Theoretical and Historical* in 1917. The book was popular but his art was not. He married Louise King in 1892 and with her painted murals for the Columbian Exposition.



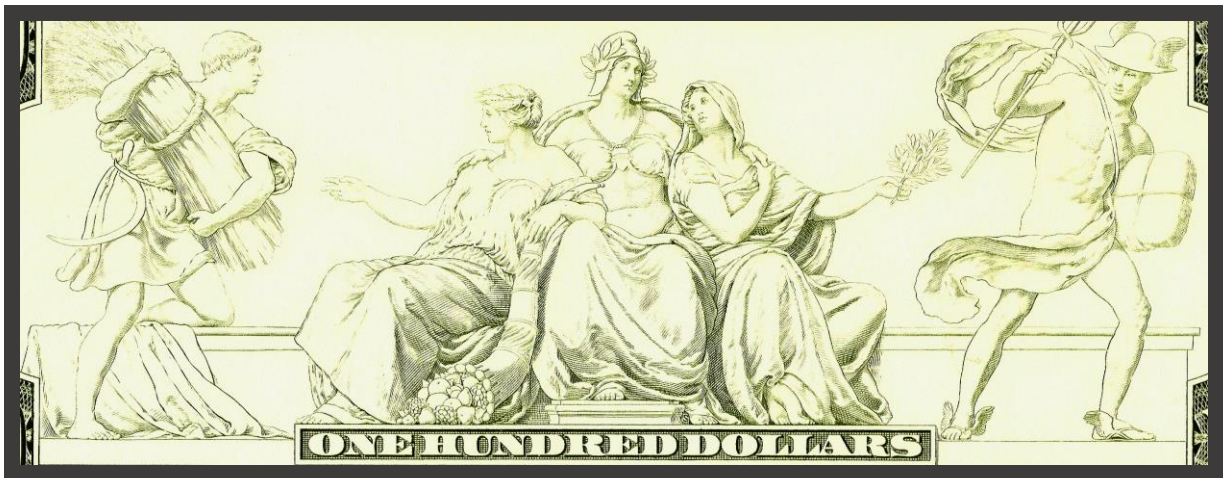
JT 55 \$100 Federal Reserve Note of 1914, Fr 1098, VF 30, Accession # 1398.



Benjamin Franklin vignette by Marcus Baldwin from \$100 Federal Reserve Note of 1914.



BEP souvenir card of back of \$100 FRN. Notice 'FRBN' in left corner. No \$100 FRBNs were made!



Detail of five allegorical figures of Kenyon Cox, engraved by G.F.C. Smillie.

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CHAPTER SEVENTEEN

FEDERAL RESERVE BANK NOTES 1915



Above: \$20 Federal Reserve Bank Note, below: \$10 Third Charter National Bank Note series of 1902, 3rd issue.

Federal Reserve Bank Notes (FRBNs) and National Bank Notes (NBNs) are very similar. Notice:

- the National Currency heading.
- on the top are signatures of the register of the treasurer and treasurer of the U.S. and on the bottom are the signatures of the cashier and president of the National Bank, or the cashier and governor of the FRBN.
- the similar title block for the National Bank and the FRB.
- the head vignettes on the left and the blue seal on the right.

There can be little doubt that the FRBNs were originally intended as a replacement for NBNs. As well as the words 'National Currency' on the face, FRBNs have the same on the back of the note, usually in the field, with the words

‘Federal Reserve Bank Note’ beneath it. FRBNs were issued by each FRB and each FRB was obligated to pay the holder. FRBN series started in 1915 for \$5, \$10 and \$20. Only five FRBs issued these notes. In 1918, the FRBs issued \$1, \$2, \$5, \$10, \$20 and \$50. After the Act of 1918, all 12 FRBs issued FRBNs. All carry two pairs of signatures: the register of the Treasury and treasurer of the U.S. and, secondly, the cashier and governor of the FRB that issued the note.

From 1896 to 1914, there was a 40% increase in gold reserves because of an increase in the gold supply from South Africa and North America as well as from additional gold obtained via new extraction processes. The U.S. went off the gold standard from 1917 to 1920 to fund military operations. It stopped conversion into gold to keep its gold reserves from dropping too low. By the end of the First World War, the U.S. had changed from a debtor nation to a creditor nation and the world center of finance became New York City rather than London.

Originally, FRBNs were intended to replace NBNs, but because the first issue was dated 1915 (though first released in 1916), large size FRNs had already circulated for a few years. So instead, FRBNs circulated primarily as emergency replacements of Silver Certificates from 1918 to 1923 to maintain the money supply. By 1918, the price of silver was rising with speculation and U.S. gold supplies were strong. In 1918, the Pittman Act directed the melting of 270 million ounces of silver dollars to create bullion for sale to England and to create new subsidiary coinage. Pittman was a Nevada Senator who also knew that this would later expand the market for silver miners in his state. Thus, Silver Certificates lost some of their backing as silver reserves declined and FRBNs were substituted on a one-to-one basis for Silver Certificates. Before 1918, there were only about \$11 million FRBNs circulating. In 1919, the price of silver rose with speculation above \$1.29 per ounce (the price at which a silver dollar contained exactly \$1 of silver) and peaked at \$1.37 per ounce in 1920.

Silver Certificates continued to be withdrawn and FRBNs substituted so that by mid-1920 about \$185 million FRBNs circulated. But this was only 4% of the total circulating paper currency of about \$4.5 billion. As specified by the Pittman Act in 1921, new Morgan Dollars were minted, followed by the newly designed Peace Dollar in December, 1921. More silver was bought from U.S. silver mines but the speculative silver bubble burst in 1923. That same year, series 1923 \$1 and \$5 Silver Certificates flooded back and by late 1924 only \$10 million FRBNs circulated. Because most Silver Certificates of 1923 were \$1 and \$5, the one-to-one FRBN substitution policy meant that the commonest substituted FRBNs were the \$1, \$2 and \$5. The \$10 and \$20 are rare and the \$50 very rare.

Technically speaking, the FRBNs could only be redeemed at the FRB that issued them, whereas the FRNs could be redeemed at any FRB. FRBs were privately owned by member banks but were allowed to issue paper money in the same way that National Banks were; they had the issuing Federal Reserve Bank on the note. The small size FRBNs were issued in 1933 as an emergency note to increase the money supply because of hoarding of cash after multiple bank failures. The small-sized FRBNs were phased out within two years. Thus, both large and small-sized FRBNs ended up being used mainly as convenient substitutes rather than for their original intended purpose of replacing NBNs.

The note below is nicknamed ‘Green Eagle’ but is properly called ‘Eagle with Flag.’ It was engraved by Robert Ponickau. Register of the Treasury, Houston Benge Teehee, was a full-blooded Cherokee who attended seminary and then served as a cashier in the Cherokee National Bank of Tahlequah, Oklahoma while studying law. He was elected to the bar in 1908 and became Mayor of Tahlequah. In 1914, he was appointed a U.S. attorney and in 1915 he was appointed register of the Treasury.

The register of the Treasury was a department of the U.S. Treasury which became the Public Debt Service in 1919 and the Bureau of the Public Debt in 1940. The Bureau of the Public Debt still exists and is the agency that borrows money by issuing Treasury bills, notes and bonds to operate the federal government. Four of the 17 registers of the Treasury were African American- Blanche Bruce, Judson Lyons, William Vernon, and James Napier.

Forty-two are known for this variety. In 2012, 66 are estimated, with 6,322 for the type. Values are \$90 in F, \$110 in VF, \$200 in EF and \$525 in CU63. The face shows a vignette of Washington, a title block similar to NBNs and a small blue scalloped seal. The back shows a green eagle, hence its nickname. The note is signed by Teehee and Burke as

register of the Treasury and treasurer of the U.S., and by Kramer and McDougal as cashier and governor of the FRB of Chicago.



JT 56 \$1 Federal Reserve Bank Note of 1915 'Green Eagle,' Fr 728, EF 40, Accession # 998.

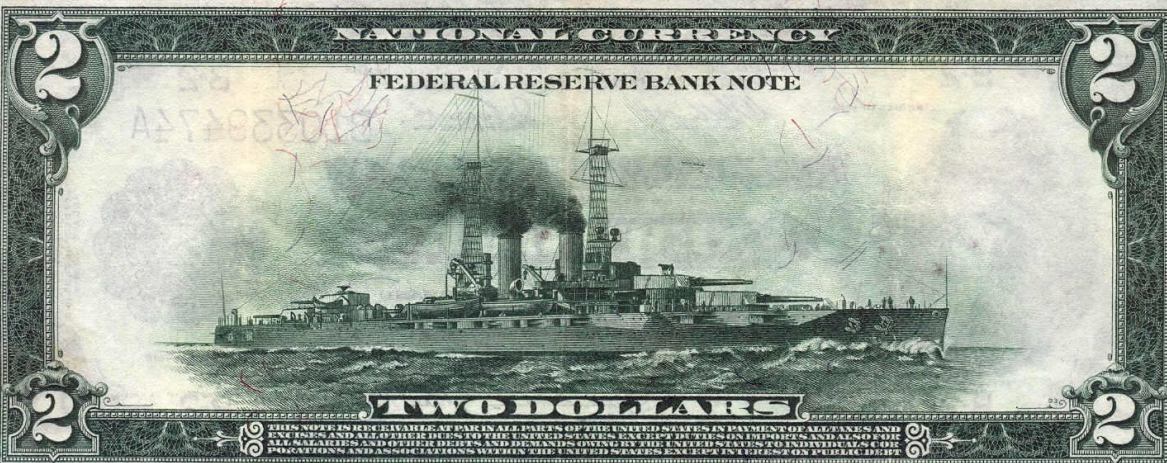
The green eagle was engraved by Robert Ponickau, who was born in Germany in 1846. He immigrated to Hudson County, New Jersey, and joined the BEP in 1893, engraving a number of eagles and ship vignettes. He died in 1920. The vignette is called 'Eagle with Flag.' It is on the back of the note, so it is colored green (hence 'greenback' as a nickname for U.S. currency). The black eagle was called the 'Eagle of the Capitol' and was engraved by the famous G.F.C. Smillie. Born in New York City in 1854, he studied at Cooper Union and the National Academy of Design. At 17, he started working for the ABNCo, where he stayed for 16 years. He then worked for the Canada, Homer Lee, Hamilton and Western Bank Note Companies. He became Chief Engraver of the BEP in 1894, earning the huge sum of \$6,000 a year. He retired in 1922 to join the ABNCo until he died in 1924. Over his life, he engraved about 300 portraits and 135 vignettes, including Grover Cleveland on the \$20 FRN, the \$5 Educational Certificate back, Grant on the \$50 Gold Certificate, Hillegas on the \$10 Gold Certificate, the art back on the \$100 FRN and others.



Above: back of \$1 FRBN show the 'Green Eagle' engraved by Robert Ponickau, below: face of series of 1899 \$1 Silver Certificate shows the 'Black Eagle' by GFC Smillie.

The famous 'Battleship' note below, so called because of the reverse design, is the only FRBN to garner a listing as #22 in Bowers and Sundman's book, *100 Greatest American Currency Notes*; 120 are known for the variety. In 2012, 229 are estimated, with 3,382 for the type. Values are \$425 in F, \$625 in VF, \$1,250 in EF and \$2,150 in CU63. The face shows a vignette of Jefferson engraved by Charles Burt, a title block similar to NBNs and a small blue scalloped seal. The back shows the battleship. The note is signed by Elliott and Burke as register of the Treasury and treasurer of the U.S., and by Hendricks and Strong as cashier and governor of the FRB of New York. The battleship New York was engraved by Charles Chalmers, who worked for the ABNCo from 1922 to 1934. He then worked for the BEP. The engraving symbolized in 1918 the USS New York sailing west to east, warning Europeans that the U.S. was ever ready to fight in Europe if needed.

Teddy Roosevelt wrote *The Naval War of 1812* and was a serious naval historian who also became secretary of the Navy in 1897. He resigned to lead his famous Rough Rider cavalry regiment to fight in Cuba against the Spanish after the explosion of the battleship USS Maine. Retuning as a hero, he became governor of New York, then vice president, then president of the U.S. after McKinley was assassinated in 1901.



A detailed black and white illustration of a large steamship, likely a battleship or cruiser, sailing on a choppy sea. The ship features two prominent masts, multiple funnels emitting thick smoke, and various deck structures. The background is a hazy, overcast sky.

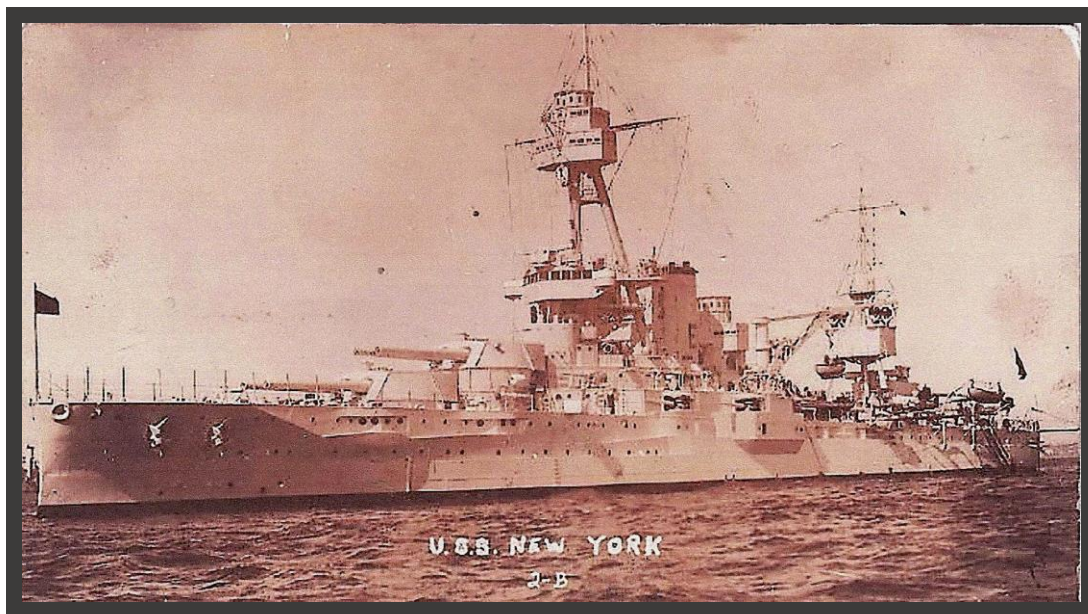
Roosevelt directed that 13 ships be built from 1902 through 1907 and also promoted the Panama Canal as a vital artery to link the U.S.'s Pacific and Atlantic fleets. On 9/11/1911, work started on the USS New York (BB34). It was launched in 1912 and commissioned in 1914, only 15 weeks before the First World War broke out. The USS New York was 27,000 tons, 573' long and 95' wide and could travel at 21 knots. It had 112 guns and had three observation towers. Recall Panamax was 100' by 1000'. After the bombing of the World Trade Center on 9/11/2001, 90 years to the day after the keel was laid for USS New York, another USS New York was built, the LPD-21, an amphibious transport dock ship, out of the steel salvaged from the World Trade Center wreckage.

The photos on the next page are taken from www.ussnewyork.org. The first is of the USS New York going through the Panama Canal in 1919 with the same masts as in the \$2 FRBN. The second is the USS New York with its two masts modified, presumably after a later refit. The USS Texas BB-35 is the only surviving example of the New York class of battleships. The Texas was launched in 1912, commissioned in 1914 and saw duty in both World Wars. Texas was decommissioned in 1948, having earned a total of five battle stars for service in World War II, and is presently a museum ship near Houston, Texas. Among the world's remaining battleships, Texas is notable for being the oldest remaining dreadnought battleship. She is one of only six surviving ships to have served in both World War I and World War II. Among U.S.-built battleships, Texas is notable for her sizable number of firsts: the first U.S. battleship to mount anti-aircraft guns, the first to control gunfire with directors and range-keepers (analog forerunners of today's computers), the first to launch an aircraft, the first to receive CXAM commercial radar, the first to become a permanent museum ship and the first to be declared a U.S. National Historic Landmark. In 1925, she entered the Norfolk Navy Yard for a major modernization overhaul during which her cage masts were replaced with a single tripod foremast, her coal-fired boilers were converted to oil-fired and her fire control equipment was upgraded to the very latest. The ship is currently berthed on the San Jacinto River as part of the San Jacinto Battlefield State Historic Park.

USS Texas has appeared in several films since her retirement. Her cinema debut was in the 1966 Steve McQueen film *The Sand Pebbles*. In the 2001 film *Pearl Harbor*, Texas stood in for the battleship West Virginia in scenes depicting Cuba Gooding, Jr. as native-Texan Doris Miller. Some of the ship's interiors were also used to portray the interior of the aircraft carrier Hornet later in the film. Texas also appears as herself in the 2006 films *Flags of Our Fathers* and *Letters from Iwo Jima*; in both movies the ship is depicted shelling Iwo Jima in preparation for the Marines' amphibious assault.



USS New York in Panama Canal, 1918.



USS New York fitted with new tower after 1925.



JT 58 \$5 Federal Reserve Bank Note of 1915, Fr 804, EF 40, Accession # 1034.

The above note is the same basic layout as the \$5 FRN. On the face is a vignette of Lincoln and a small scalloped blue seal, but on the FRBN the middle is taken up by the title block with the name of the Federal Reserve Bank- in this case Kansas City. The back is the same as the back of the \$5 FRN except that it is dark and not light green and the words Federal Reserve Note are replaced by National Currency, Federal Reserve Bank Note. Ninety-one are known for this variety. In 2012, 135 are estimated, with 1,873 for the type. Values are \$350 in F, \$525 in VF, \$1,000 in EF and \$1,800 in CU63. The obligation is also slightly different; at top is the FRBN and at bottom is the FRN. Lincoln's vignette is by Charles Burt. On the back are Columbus' discovery of land by Joseph Ourdan and the landing of the Pilgrims by Charles Burt. The note is signed by Elliott and Burke as register of the Treasury and treasurer of the U.S. and by Helm and Miller as cashier and governor of the FRB of Kansas City.



JT 59 \$10 Federal Reserve Bank Note of 1915, Fr 813, VF 20, Accession # 1520.

The above note is the same basic layout as the \$10 FRN. On the face is a vignette of Jackson and a small scalloped blue seal, but on the FRBN the middle is taken up by the title block with the name of the Federal Reserve Bank- in this case Chicago. Jackson's engraving is by Alfred Sealy and on the back vignettes of agriculture and manufacturing are by Marcus Baldwin. The back is the same as the back of the \$10 FRN except that it is dark rather than light green and the words Federal Reserve Note are replaced by National Currency, Federal Reserve Bank Note. The obligation as above is different. Ten and \$20 notes are rare and the \$50 notes are extremely rare.

Forty-eight are known for this variety. In 2012, 71 are estimated, with 456 for the type. Values are \$2,250 in F, \$3,000 in VF, \$4,750 in EF and \$8,500 in CU63. The note is signed by Elliott and Burke as register of the Treasury and treasurer of the U.S., and by McLallen and McDougal as cashier and governor of the FRB of Chicago. Note that the upper signatures are engraved into the note, but the lower signatures were stamped with a rubber stamp after the note was printed.



JT 60 \$20 Federal Reserve Bank Note of 1915, Fr 823, F 15, Accession # 1494.

This note is the same basic layout as the \$20 FRN. On the face is a vignette of Cleveland and a small scalloped blue seal on both notes, but on the FRBN the middle is taken up by the title block with the name of the Federal Reserve Bank- in this case Atlanta. Cleveland's vignette is by GFC Smillie. 'Land, Sea and Air,' on the back, is engraved by Marcus Baldwin. The back is the same as that of the \$20 FRN except that it is in dark and not light green and the words Federal Reserve Note are replaced by National Currency, Federal Reserve Bank Note. The obligation as above is different. Ten and \$20 notes are rare and the \$50 notes are extremely rare. The lower signatures are printed into the note. Thirty-eight are known for this variety. In 2012, 54 are estimated, with 281 for the type. Values are \$2,900 in F, \$4,250 in VF and \$6,000 in EF.



Comparison of faces of \$5, \$10, and \$20 FRBNs. Note different frame shapes.



Comparison of faces of \$5, \$10, and \$20 FRNs. Notice the same differences in frame shapes and also that vignettes are all moved left to make room for the Federal Reserve Bank block.



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CHAPTER EIGHTEEN

ORIGINAL/1875 SERIES NATIONAL BANK NOTES

William Miller claimed in 1899 that he had inside information on stocks and promised interest payments of 10% a week. His 'Franklin Syndicate' cheated investors out of \$1 million. He was jailed for ten years. Charles Morse was a businessman who merged several ice companies and tried to get an ice monopoly in New York City by bribing politicians. He grossly overcapitalized the company, left the company taking millions with him and used these funds to acquire control of shipping companies and banks. He then tried to corner the stock of United Copper. When he failed, there was a run on his banks, which eventually toppled the Knickerbocker Trust Company, leading to the panic of 1907. The Knickerbocker Trust Company was a company for individuals, corporations and estates. In 1907, Knickerbocker president Charles Barney cooperated with Morse to try to corner the copper market. Morse was convicted of violating federal banking laws and imprisoned in 1910. There he faked Bright's disease (acute nephritis) and because of political influence was able to get a pardon from President Taft.

Charles Ponzi was an Italian immigrant who took a job as a teller at Banco Zarossi in Montreal, a new bank catering to Italians. Zarossi paid 6% interest on deposits (double the going rate) and was expanding rapidly. Ponzi discovered that Zarossi was paying the interest with new deposits and that his loans had gone bad. The bank failed and Zarossi fled to Mexico with most of the money. Ponzi left the bank and was soon imprisoned for forging a check. He was imprisoned again for smuggling in Italian immigrants. It was in prison that he met Charles Morse, from whom he learned.

After leaving prison, Ponzi received a letter from Spain with an International Reply Coupon (IRC) that could be redeemed for U.S. stamps to mail a letter back to Spain. He discovered that Italian stamps were cheap and could be exchanged for costlier U.S. stamps. This was legal arbitrage. He started a company promising investors 50% return in 45 days, which he duly paid. The scheme grew like wildfire- so fast, in fact, that he did not have time to bother with the arbitrage, so he just paid off the earlier investors with the new depositor's money like Zarossi had done. Within a few months in 1920, he was a multimillionaire; within a few more months, he was in prison.

Four years later, he was released and went to Florida where in 1925 he sold tiny parcels of land, some under water, promising 200% returns in 60 days. He was sentenced in Florida in 1926 but posted bail, escaped and was seized again in New Orleans, where he was imprisoned until 1934 and then deported to Italy. Since then, numerous Ponzi schemes have followed, some intended de novo, others only after a previously successful business started performing poorly. The latter may have been the case with the largest Ponzi scheme of all time with Bernie Madoff, who in December, 2008 announced to his two sons that his \$50 billion empire was a sham. In the world of finance, there are Ponzi schemes and pyramid schemes and schemes that come close.

In 1861, the Union government's war effort needed money, so it printed Demand Notes with green backs- the first federal currency. They had no backing. People did not like them but soldiers and government officials were paid with them so they circulated, though at a discount. In 1862, the Union government legislated Legal Tender Notes, this time backed by borrowed money- 6% U.S. bonds. A scheme was needed to expand the money supply without the inflation that happened during the Revolutionary War. The government was also desperate to sell bonds, but few people would buy them. What they needed was a multiplier scheme so that more money was created without inflation. Salmon Chase, Lincoln's secretary of the Treasury, was the brilliant mastermind behind the scheme. He proposed a circular scheme, not really a Ponzi or pyramid scheme. Although the National Bank Act of 1863 was not exactly a pyramid scheme, it came close. A bank that wanted to organize as a National Bank under the National Bank Act of February 25, 1863 would:

- Apply to the comptroller of the currency to organize as a national banking association.
- Once the application had been approved, the newly organized National Bank could buy United States bonds with a minimum par value of at least \$25,000 using Legal Tender Notes printed by the government. The Legal Tender Notes (LT) themselves were backed by bonds.

- The bank would receive 6% a year interest from the bonds.
- Upon depositing the bonds with the United States Treasury, the bank would then receive 90% of the value of the bonds in National Bank Notes (NBNs) from the Treasury.
- The bank would make loans using these NBNs, thus earning more interest.
- If the bank failed, the Treasury would sell bonds still outstanding to redeem the value of the NBNs issued in the name of the bank.
- Hence, the government had created a market for its bonds which it previously had difficulty selling.

The National Bank Act in 1863 set in motion a huge banking change. In 1864, another act placed a 10% tax on the value of all current state bank notes still in circulation thus, forcing these banks (now called ‘obsolete banks’) to stop issuing notes. As a consequence, the National Bank Act of 1863 resulted in the establishment of a national paper currency that superseded and replaced the former notes issued by the state-chartered banks. In 1863, there were 66 National Banks, in 1864 there were 508 and in 1865 1,513.

By October 1st 1866, the balance sheet of all U.S. National Banks was:

ASSETS IN MILLIONS

Loans	\$ 603
U.S. bonds and securities	\$ 443
Owed from other Nat Banks	\$ 108
Owed from other non-NatBanks	\$ 15
Money Held by banks– NBNs	\$ 17
LTs & Fractionals	\$ 206
Hard assets	\$ 17
Other	\$ 111

TOTAL ASSETS **\$1,527**

LIABILITIES IN MILLIONS

Deposits	\$ 598
Due to other National Banks	\$ 111
Due to other non-National Banks	\$ 27
Money held by public NBNs	\$ 280
State Notes	\$ 10
Surplus fund (by law)	\$ 53

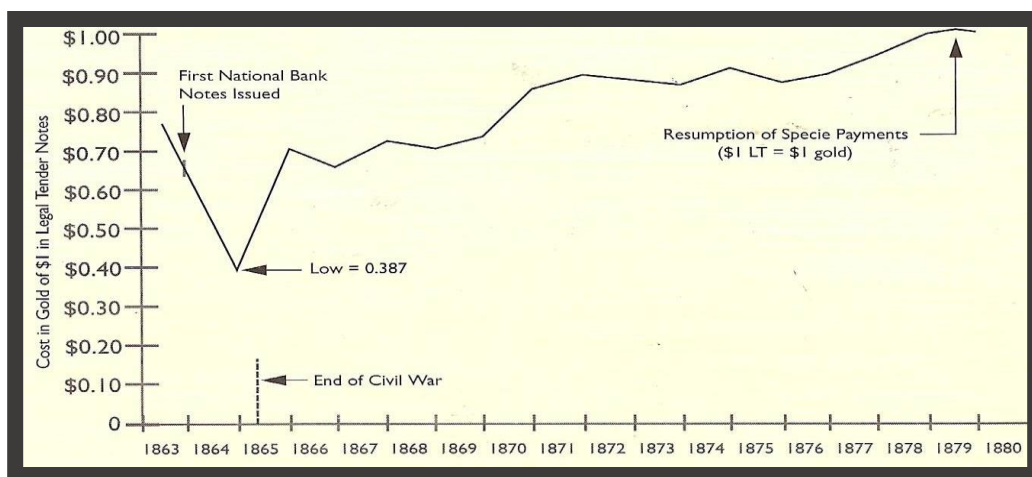
TOTAL LIABILITIES **\$1,079**

Capital stock \$ 415

Net Profit \$ 33

OWNER'S EQUITY **\$ 448**

LIABILITIES + OWNER'S EQUITY **\$1,527**



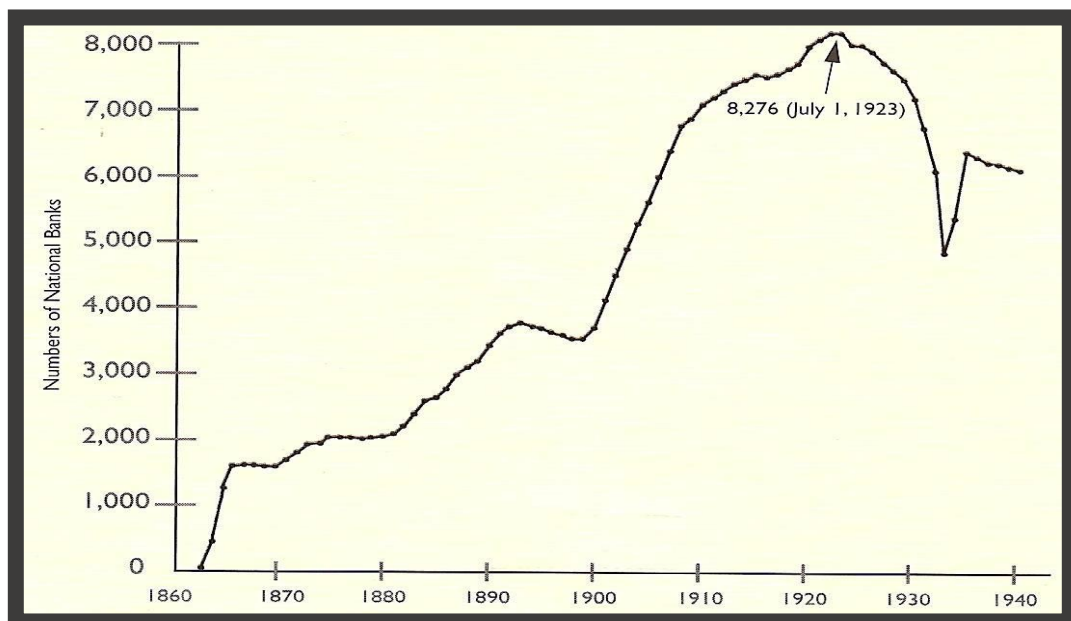
Cost in gold of one dollar of Legal Tender Note. Graph by permission from Peter Huntton.

Thus, starting with \$415 million in owner's equity, the banks owned \$443 million in U.S. bonds, gave \$603 million in loans and circulated or held \$280 million NBNs and \$206 million LTs totaling \$1,532 million of available money- a multiplier of 3.7. For paid in capital of \$415 million, National Banks were making loans of \$603 million, or about 145% of capital. Their return on equity was 7.4% in 1866 and by 1870 over 10%. NBNs were never legal tender, but could be exchanged for LT Notes at any National Bank. At the end of the Civil War, you could only buy 38.7 cents worth of gold with a LT Note. But a year later, LT Notes were worth 70 cents in gold.

In California, there was a lot of gold and people simply wouldn't use NBNs, so in 1870 Congress passed an act to authorize National Gold Banks, which produced National Gold Bank Notes (NGBNs) that were redeemable in gold at par. However, because reserve requirements were 25% and not 14%, banking was much less profitable, so only ten National Gold Banks formed (nine in California and one in Boston for overseas business). Few NGBNs circulated. Those that did were worth gold and were kept and used. To this day, only about 800 are known, usually in much circulated condition.

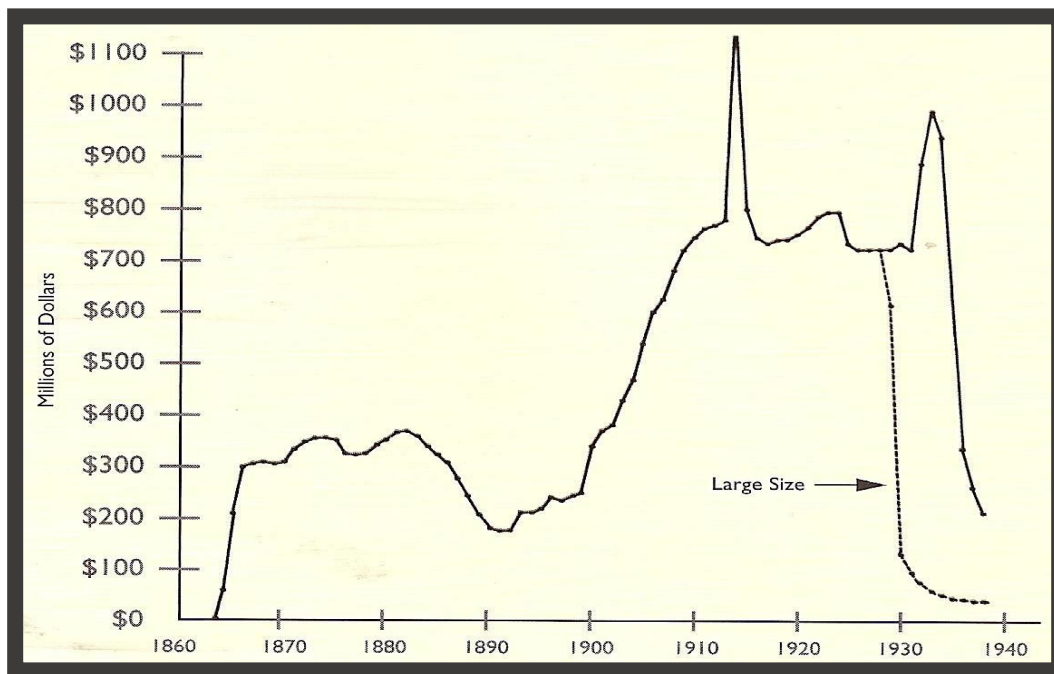
In 1875, Congress passed an act to resume specie payments in 1879 and the value of LT Notes gradually rose from 90 cents in 1875 to par in 1879. Of course, by 1879 National Gold Banks were pointless because LTs then also circulated at par with gold, so National Gold Banks changed to being National Banks because reserve requirements were lower and profits were higher. The act also specified that NBNs be printed on special paper and that the final plate be printed by the Bureau of Engraving and Printing. Previously, printing was outsourced. As the number of National Banks rose, the following table describes their circulating assets (not outstanding NBNs):

Era	Number	Assets	Legal Tender Notes	NBNs	Specie
<u>National Banks</u> <u>1866</u>	1,644	\$1.5 billion	\$200 million	\$17 million	\$9 million
<u>National Banks</u> <u>1890</u>	3,290	\$3 billion	\$87 million	\$20 million	\$164 million



This chart shows a gradual rise in National Banks until 1893, then a sharper rise. There was a long depression from 1873 to 1896, but an exacerbation in 1893-1896. Circulating NBNs in 1866 were \$280 million, but in 1890 only \$128 million. By then, National Banks held \$164 million specie and \$86 million LT Notes in their vaults.

Graph by permission from Peter Huntton.



**This chart shows the sharp drop in NBNs circulating in the late 1880s and early 1890s.
Graph by permission from Peter Huntton.**

The National Bank system had problems, the first of which were reserve requirements. The bank had to hold a specific percentage of reserves against its deposits and outstanding circulation. Reserves were LTs and specie. In 1866, this percentage averaged 24%. Incidentally, this requirement explains why today relatively large numbers of high denomination LT Notes are available. If there was a slight run on the bank or if another bank that owed it money (correspondent bank) went bankrupt, the bank could easily fail. So, if the bank failed, the NBNs were accepted throughout the U.S. and were an obligation of the federal government, who held bonds to back the notes.

The second problem was that the money supply was rigid and could not vary with economic conditions; i.e. it was inelastic. The total value of circulating NBNs was tied to the total value of U.S. bonds held by the banks. It could not handle business cycles in commercial economies or planting and harvesting cycles in agrarian economies. If business was humming and loan requirements doubled, the system could not handle it. If there was a panic, depositors withdrew money, contracting the money supply and closing some banks.

Rules were quite elaborate. Initially, reserves (LT and specie) divided by deposits and outstanding circulation had to be over 15% (25% if they were a correspondent bank). But in 1874 Congress changed this to omit outstanding circulation, allowing a one-time expansion of the money supply. U.S. bonds had to be over a third of the bank's capital. NBN issues also had to be less than 90% of U.S. bonds held by the bank. The minimal capital needed to charter a bank was \$50,000 from 1863. In 1900, it was lowered to \$25,000 for towns with less than 30,000 people. Many of these banks failed. The following table shows the sequence of NBNs and acts passed.

Each charter period lasted 20 years. A bank chartered 1863 received original/1875 series notes until 1883 and then had to extend its corporate life and receive series of 1882 notes until 1903. However, a bank that was chartered in 1881 continued having original/1875 series notes printed until 1901, when it had to extend its corporate life and receive series of 1882 notes until 1921. Finally, in 1922 all National Bank charter extensions were for 99 years to create uniformity of design. In 1929, all further notes circulated by National Banks were small size. The simplistic bar diagram showing the overlap between various NBN series does not really explain this properly. Engraved plate dates were usually the date the bank organized, the date of a title change or a 20- or 40-year anniversary.

Traditionally, National Bank Note collectors have described the appearances of NBNs as first, second or third charter notes. Although this is common parlance, it is incorrect. They should be called 'original/1875 series,' 'series of 1882' and 'series of 1902,' respectively. Banks did not receive a second or third charter. They extended their charter's corporate life, receiving various series of notes. The Act of 1863 terminated all charters automatically in 1883. The act was rewritten in 1864 to give banks a 20-year corporate life from the date of organization. The Act of 1875 required special paper and that all notes receive their final printing in the BEP, with an 1875 stamp. The Acts of 1882 and 1902 established that banks could now extend their corporate life for another 20 years and that the new notes be easily recognized as different. They never mentioned the words first, second and third charter; they only spoke about extension of the bank's corporate life.

After the 1907 panic, the Aldrich-Vreeland Act gave seven years of temporary relief until the National Monetary Commission decided on a solution to the inelasticity of the national banking system. This solution was the Federal Reserve System. The act also provided for increased elasticity by allowing National Banks to issue extra currency backed by local bonds rather than federal bonds only. Before the act, the obligation read, "secured by U.S. bonds deposited with the treasurer of the U.S." After the act it read, "Secured by U.S. bonds or other securities."

During the 1908-1915 period covered by the act, 'Date Backs' were used for series of 1882 and series of 1902 notes. In 1914, Congress passed an amendment that allowed another \$380 million NBNs to be issued on top of the \$700 million circulating- the peak circulation for NBNs. But the Aldrich Vreeland Act failed to create an elastic money supply because of restrictive rules that tripped up banks trying to flow with elasticity. By contrast, the Federal Reserve System allowed a 10% instead of a 15% reserve; i.e. if the Federal Reserve printed \$1,000, ultimately banks could lend out \$10,000. After the Federal Reserve Act, the number of non-national banks rose from 3,700 to a peak of 4,700 in 1923. But the rise in assets of non-national banks was much more impressive- from \$0.7 billion in 1913 to \$2.2 billion in 1930. After the Wall Street crash, non-national bank assets declined to \$1.5 billion in 1933, only rising to the 1929 level again during the Second World War.

Each bank had its own charter number, but it was not put on the notes until after 1874. The Act of 1874 specified this to make redemption accounting at the Treasury easier. Charter numbers were printed in red or occasionally blue. Some rare, valuable notes exist with black charter numbers, as they were part of the original plate printed from 11/15/1873 to 5/15/1874. Each state also had its own vignette on the reverse. One way of collecting NBNs is one from each state. The vignettes only appeared in first and second charter notes. The dates on the notes were usually but not always the date of the incorporation and charter of the bank involved. Plates were kept long after the Treasury officials were out of office for convenience in printing new notes for the bank. Hence, there are some disparities.

In 1866, total circulating federal currency was \$800 million, of which one third were NBNs. By 1929, total circulating federal currency was \$4.2 billion, of which about one sixth were NBNs. About 150,000 large NBNs still exist, of which two thirds are blue seal third charter notes. About 200,000 small size NBNs probably exist today. The rarest first charter NBNs are those issued by a National Bank in Nevada, valued in Freidburg at \$250,000.

Before 1875, NBNs were produced by the ABNCo or NBNC Co or Continental Bank Note Company (CNB Co), all in New York City. After 1875, note faces were all printed at the BEP and backs by ABNCo, NBNC Co, and CNB Co, a somewhat tedious practice which persisted until 1877, when all the plates were transferred to Washington to be printed only at the BEP. Each NBN had two serial numbers- the Treasury serial number and the bank serial number. After 1925, the Treasury serial number stopped. Charter numbers were first printed on the note in 1874. The backs of first charter notes were green surrounding a black central vignette. After 1902, the sorting of NBNs sent for redemption because they were too soiled became very time consuming, so geographical letters were printed on the notes: N for New England, E for Eastern (NJ, NY, PA, MD, DC, DE), M for Midwest, S for Southern, W for Western, and P for Pacific. This practice stopped in 1924.

OVERVIEW OF NATIONAL BANK NOTES

L A R G E S I Z E																SMALL SIZE			
ORIGINAL SERIES 1863 - 1875 Spiked Red Seal				SERIES OF 1875 1875 - 1902 Rosette red Seal															
				SERIES OF 1882 BROWN BACKS 1882 - 1908 Bank charter # on back in elaborate numbers															
				SERIES OF 1902 1902 - 1908 RED SEALS				SERIES OF 1902 DATE BACKS BLUE SEALS 1908-1926				SERIES OF 1882 DATE BACKS 1908 - 1921 SERIES OF 1882 VALUE BACKS 1915 - 1921							
								SERIES OF 1902 PLAIN BACKS BLUE SEALS 1915-1929											
																SERIES OF 1929 TYPE 1 1929 - 1933		SERIES OF 1929 TYPE 2 1933 - 1935	
DATE																			
1860 6 5 7 0 7 5 8 0 8 5 9 0 9 5 1900 0 5 1 0 1 5 2 0 2 5 3 0 3 3 3 5																			
1863 NATIONAL BANKING ACT																			
1870 ACT AUTHORIZES NATIONAL GOLD BANKS																			
1875 SUNDRY APPROPRIATIONS BILL AUTHORIZES BEP TO PRINT NBNs. 1875 ACT RESUMES SPECIE PAYMENT IN 1879																			
ACT OF 1882 AUTHORIZES 1ST 20 YEAR EXTENSION OF CORPORATE LIFE WITH DIFFERENT NOTES																			
ACT OF 1902 SECOND 20 YEAR EXTENSION OF CORPORATE LIFE. NEW BANKS HAVE DIFFERENT NOTES																			
1908 ALRICH VREELAND ACT OR EMERGENCY CURRENCY ACT																			
1915 EXPIRATION OF ALRICH VREELAND ACT																			
1922 ACT - 99 YEAR EXTENSION OF CORPORATE LIFE																			
1927 PERPETUAL SUCCESSION - UNLIMITED CORPORATE LIFE																			
1935 END OF NATIONAL BANK NOTES																			

	NATIONAL BANKS			NON-NATIONAL BANKS		
YEAR	NUMBER	TOTAL ASSETS	DEPOSITS	NUMBER	TOTAL ASSETS	DEPOSITS
1863	66	\$17	\$8			
1870	1,648	\$1,539	\$507			
1880	2,095	\$2,242	\$1,006			
1890	3,290	\$2,998	\$1,475	1,000		\$3,000
1900	3,731	\$4,944	\$3,631	1,900	\$300	\$5,299
1910	7,138	\$9,892	\$7,254	3,500	\$600	\$10,696
1920	8,024	\$23,267	\$17,159	4,500	\$1,300	\$24,680
1930	7,247	\$28,828	\$23,235	3,500	\$2,200	\$37,180
1933	4,897	\$20,813	\$16,742	2,000	\$1,500	\$24,943
1940	Closed			5,164	\$36,816	\$33,014
1950				4,971	\$89,691	\$82,430

National & non-national banks: number, assets and deposits 1863 to 1950, in millions of dollars.

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CHAPTER NINETEEN

ORIGINAL/1875 SERIES



JT 61 \$1 ‘Ace’ original/1875 series National Bank Note July 1st 1865 original charter National & non-national banks: number, assets and deposits 1863 to 1950, in millions of dollars, Fr 380, VF 20, Saint Nicholas National Bank of New York City, New York. Charter # 972, Accession # 1155.

The ‘Ace Note’, so called because of the prominent numeral 1 on the left of the face, ranks #45 in Bowers and Sundman’s book, *One Hundred Greatest American Currency Notes*. The Gengerke census does not list National Bank Notes. This is an original series charter rather than the series of 1875 charter. It is signed by Colby, register of the Treasury, and Spinner, treasurer of the U.S., both sideways on the left. Parkhurst, the cashier of the Saint Nicholas National Bank of New York, and Smith, the president, sign at the bottom using a signature stamp. The face shows a vignette called *Concordia*, below which is ABNCo. There is a small red seal with rays. This early, the notes did not display the charter number, although its charter number is 972.

The Saint Nicholas National Bank of New York, New York was chartered 4/1/1865. Only 62 notes survive. It liquidated in 12/30/1882. The bank serial number 13699 is on the top right and the federal serial number D235107 is sideways on the left. After the federal serial number is an ornament rather than another numeral. Notice that there is a date July 1, 1865 at the bottom right. This refers to the original date of the bank’s incorporation. There is a small spiked red seal found in the original series. The 1875 series had scalloped red seals. The back shows extensive geometric lathe work

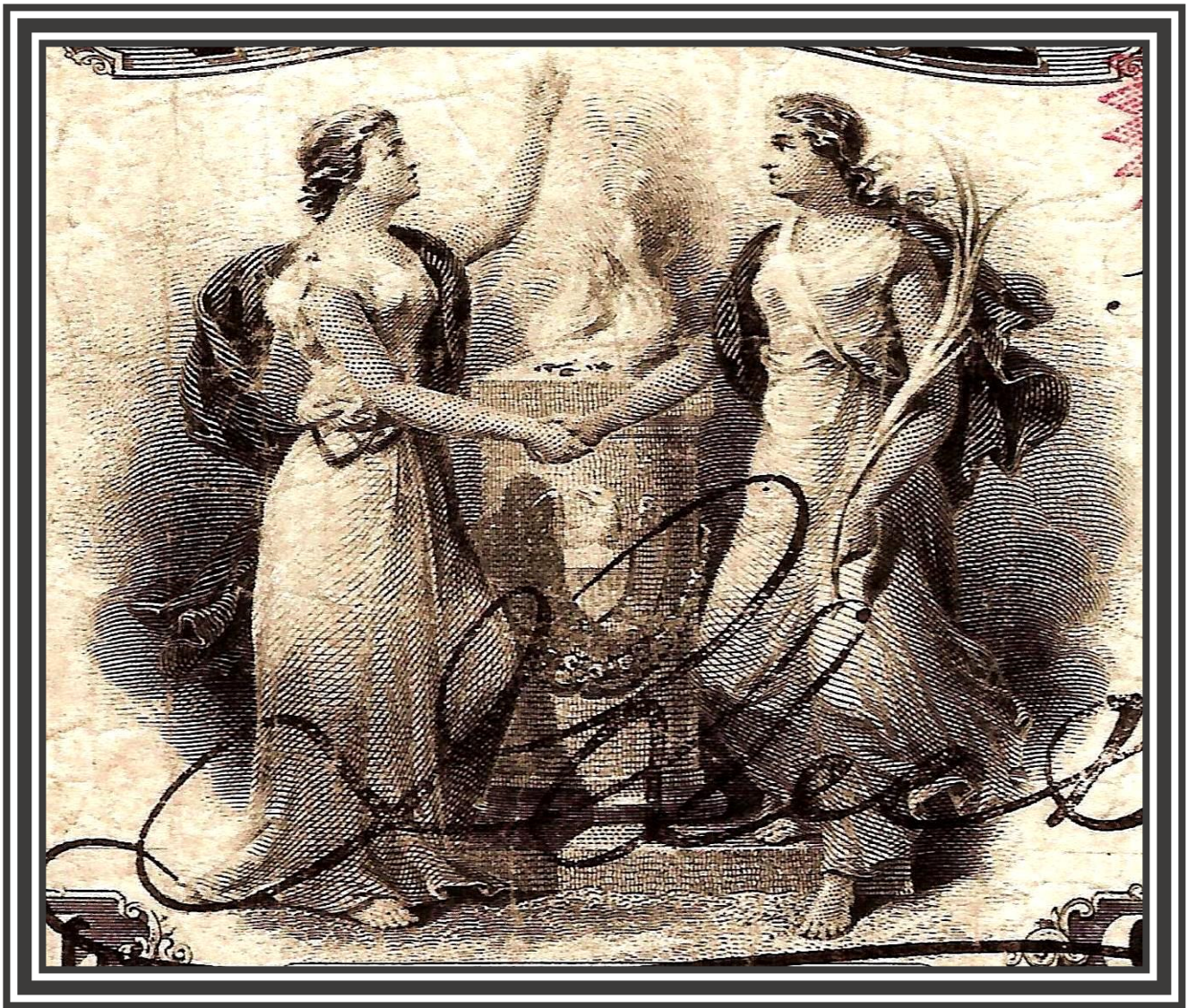
around the state seal of New York on the left and around the federal eagle on the right. In the center is the landing of the Pilgrims surrounded by an elaborately lettered obligation clause. Above the vignette is American Bank Note Company. The note lists at \$1,900 in Kelly. Because NBNs vary so much in value depending on the bank, Don Kelly's 2008 *National Bank Notes- A Guide with Prices* is used for pricing rather than the April 2010 Paper Money Values, which has otherwise been used throughout this book. For people who also collect Santa Claus notes, the Saint Nicholas National Bank is attractive.



Detail of 1 on ‘Ace’ first charter National Bank Note.

The ace is an elaborate numeral 1 with the inscription, “This note is secured by bonds of the United States deposited with the US Treas^r at Washington.” Below this are two counters forming the serifs of the base of the 1. Each counter is surrounded by the inscription “National Currency.” Another counter with the numeral 1 also forms the upper serif of the large numeral 1. There is also a colored overprint with a shadow. The effect is not dissimilar to an elaborate playing card, hence the nickname ‘Ace.’

The famous vignette *Concordia* was engraved by Charles Burt. He was born in Edinburgh in 1823 and came to the U.S. at age 19, working for A.L. Dick for almost four years engraving da Vinci's *Last Supper*. Burt was then employed by a number of engraving companies, including ABNCo for 16 years, and BEP for 20 years. Burt was president of the Graham Art School in Brooklyn, NY and also painted oils and watercolors. The original design for *Concordia* was Theodore Liebler's. He was a German artist who entered New York at 28 but he did not engrave. The vignette shows two women shaking hands before an altar with a fire on it. The altar has the arms of the U.S. on its front. The lady on the right holds what looks like a giant leek!



***Concordia* designed by Liebler and engraved by Charles Burt on face of \$1 first charter NBN.**

Concordia was the ancient Roman goddess of harmony or peace. Concordia's usual attributes are a bowl called a patera, a cornucopia or a caduceus. Hence, the leek looks as though it doubles for a cornucopia! The lady on the left raises her left hand and looks upwards, presumably hailing the goddess or appealing to heaven. The vignette referred to the hope in 1863 that the South (represented by the lady on the left) would yield to the North (Concordia, the goddess of peace and harmony on the right). The fire on the altar may represent war between the two; the altar represented heavenly help, with the ultimate altar labeled as that of the United States. The back of the note I have already described in Chapter 1- the \$5 FRN with a similar back.



Landing of the Pilgrims by Charles Burt from back of \$1 'Ace' original/1875 series National Bank Note.



JT 62 \$2 'Lazy Deuce' original/1875 National Bank Note Jan 2nd 1865 original charter, Fr 387, EF 40, Grundy County National Bank of Morris, Illinois. Charter #531, Accession # 1256.

The 'Lazy Deuce Note', so called because of the two on its side that occupies most of the face of the note. The phrase lazy, applied to lettering, evokes the era of the West with its ranches and branding iron imprints. Like the 'Ace,' the large numeral contains the inscription, "This note is secured by bonds of the United States deposited with the U.S. Treas' at Washington." The curlicue of the 2 also has the titles of Colby and Spinner within it. The note lists in Kelly at \$6,250. Only 25 large notes of all denominations exist for this bank. Both sides were printed by the NBNCo.

The 'Lazy Deuce' ranks as the fourth most desirable note in Bowers and Sundman's book, *One Hundred Greatest American Currency Notes*. The first is the 'Grand Watermelon' that last sold privately for \$2,225,000! Wow! The second is the \$500 first charter NBN which they list at \$1,500,000. Number three is the first known U.S. note, the 1690 Massachusetts note, which they list at \$160,000. Thus, the Lazy Deuce is the first collectible note in their list of the most desirable notes. Each note on the sheet (first charter NBNs came in sheets of four, almost always having \$1-\$1-\$1-\$2), had the same serial number but a different plate letter. For this note, the plate letter is A, so the sheet layout must have been \$2-\$1-\$1-\$1. Thus, the Ace is three times commoner than the lazy deuce. Bowers and Sundman suggest about 2,000 Lazy Deuces exist today. Original charter NBN Treasury seals have 34 spikes, one for each state.

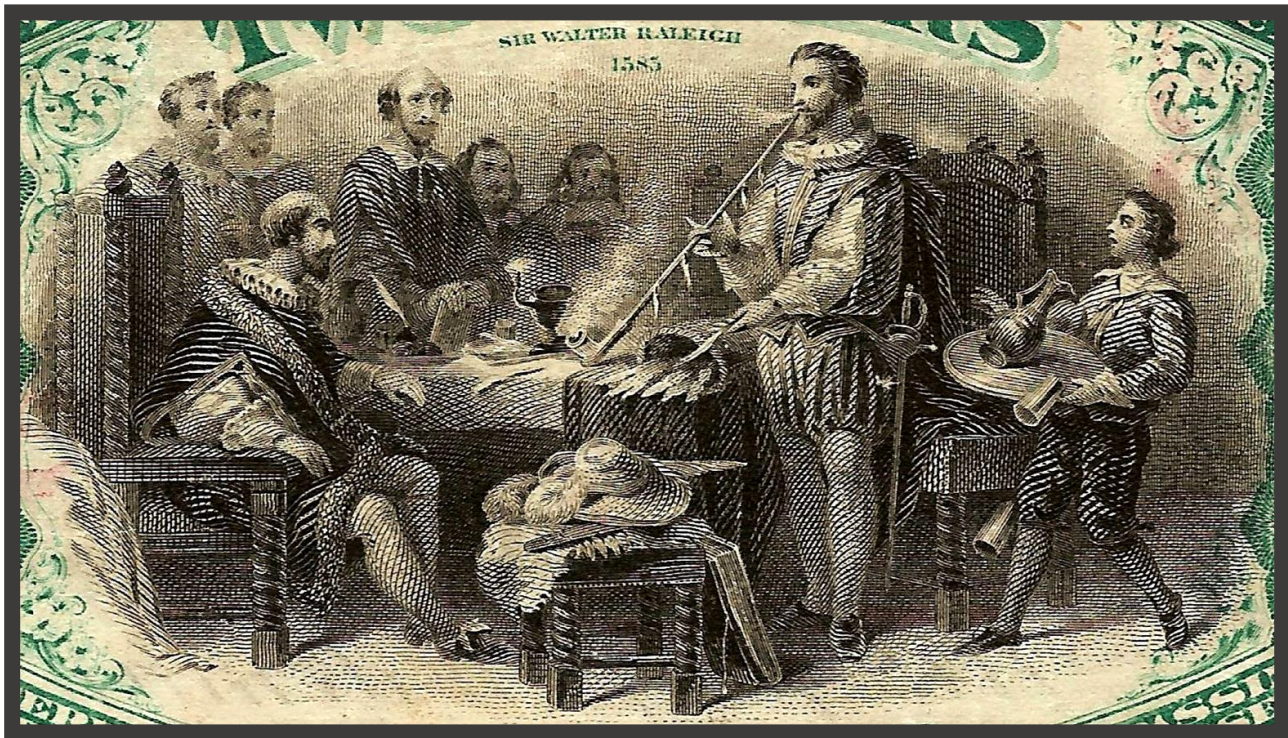
The note below is an original series charter rather than the series of 1875 first charter. It is signed by, Register of the Treasury Colby, and Treasurer of the U.S. Spinner, both between the curlicues of the lazy deuce. Carr, cashier of the Grundy County National Bank, and Gould, the president, sign at the bottom, both their actual signatures.



Above: Details of the ‘Lazy Deuce,’ left: *Stars and Stripes* by Luigi Delnoce, right: ‘Masked Ball’ geometric lathework.

The ‘Lazy Deuce’ is shown on the previous page with the signatures amongst the curlicues. The face vignette called *America Seated* is also referred to as *Stars and Stripes*. On the right is a small spiked red seal. On the border cuts are geometric lathe work that includes the inverted ‘Masked Ball’ masks interlaced with two’s. *Stars and Stripes* shows a lady seated on a low wall. On each side is a wreath surrounding a star. Perhaps each wreath and star refers to the North and South during the Civil War. She holds an unfurling American flag representing America. Above her in the sky are 13 stars representing the original 13 states. On her right is a town representing urban growth and, hence, industrialization and on her left is a large sailing ship representing overseas trade. This vignette was engraved by Luigi Delnoce, an Italian, who studied engraving at age 29 for four years with John Casilear. After this, he did book illustrations, then worked at NBNCo for 20 years and then worked independently.

Notice that this note shows the charter number 531 in red, whereas the ‘Ace’ note with a date of incorporation six months later does not. The difference is that the ‘Lazy Deuce’ bank started in business later even though it incorporated earlier. The Grundy County National Bank of Morris, Illinois was organized on 9/16/1864 and the plates were engraved on 1/2/1865. The Saint Nicholas National Bank of New York, NY was chartered on 4/1/1865 and the plates were engraved 7/1/1865. Rarely, first charter numbers are incorporated into the plate when they are black- all very confusing!



Sir Walter Raleigh in 1585 demonstrating smoking American tobacco to British nobles; back of ‘Lazy Deuce.’

Sir Walter Raleigh (1552-1618) was a remarkable man. His protestant father was hunted by ‘Bloody Mary,’ Queen Mary I of England, who reigned from 1553 to 1558. But when Protestant Elizabeth I was enthroned in 1558 he had an easier time. Raleigh went to Oxford. He did not study law but lodged in Middle Temple, a building for lawyers. He fought for the Huguenots in France and then sailed with his brother, Sir Humphrey Gilbert, searching for a northwest passage. However, the voyage changed to piracy against the Spanish, after which he was imprisoned. At ages 27 to 31, he participated in suppressing the Desmond Rebellion in Ireland (he killed Italian and Spanish soldiers after they had surrendered at the siege of Smerwick). For this he received 40,000 acres in Muster, Ireland. Some say he was the first to plant American potatoes in Ireland, but it is more likely that potatoes arrived through trade with the Spanish. He spent 17 years as an Irish landlord but ran into problems.

In 1578, the Queen gave Gilbert a patent to exploit the New World. But Gilbert died and Raleigh took over. He named the land Virginia after the Queen. In 1581, he attended Elizabeth’s court and became her favorite. In 1585, he was knighted and was a member of Parliament for Devon and Lord Lieutenant of Cornwall. He persuaded the Queen to back American colonization and to fight Spanish influence in America. Raleigh was one of the foremost Elizabethan poets, but wrote in a vernacular rather than in the then popular decorative style- a prelude to John Donne.

In 1584, he planned and personally funded a colony in North America under John White. This became the failed 1585 colony of Roanoke. He returned in 1586. This was before the era of financed companies. He tried the same again in 1587 but the Spanish Armada attacked England in 1588. White returned with the English to resupply the colony but the ship’s crew diverted to Cuba, trying to win huge riches by attacking the Spanish in Cuba. Finally, in 1591 the ships reached Roanoke only to find the 1587 colony had disappeared, perhaps annihilated or assimilated by Croatan.

Raleigh brought back tobacco to England, introducing it to the Elizabethan court. The engraving on page 308 shows him demonstrating pipe smoking and showing corn on the table. Tudor furniture decorates the room. Others had discovered tobacco in the New World, but Raleigh was the first to popularize it. The back engraving was done by Luigi Delnoce, who also did the *Stars and Stripes* on the face. It seems the concept and art were his.



Left: miniature portrait of Raleigh by Nicholas Hilliard 1585, right: Raleigh with son in 1602; artist unknown.

Queen Elizabeth gave Raleigh many honors, privileges and gifts as a prominent privateer. But in 1592, he secretly married Elizabeth Throckmorton, one of the Queen's ladies in waiting. When the Queen found out, Raleigh and Bessie were imprisoned in the Tower of London. They were soon released and he retired to his estate at Sherborne, where he built a new castle.

Raleigh's great rival at court was Robert Devereux, Earl of Essex. Devereux was younger, born in 1565, and his great grandmother was the aunt of Queen Elizabeth. He was later executed by Queen Elizabeth for making a truce with rebel leader O'Neal in Ulster, Ireland. Another famous courtier was Edward de Vere, Earl of Oxford, who some still think was the true author of William Shakespeare's plays. The theory that Edward de Vere was the true author of Shakespeare's works is called the Oxfordian theory.

In 1594, Raleigh heard of El Dorado, a city of gold in America. In 1595, he went to the headwaters of the Caroni River (which flows into the Orinoco River), searching for the legendary city of Manoa in what is now Venezuela. He returned with a few samples of gold ore, but back in England he published a book with exaggerated claims. In 1596, he participated in the capture of Cadiz. From 1600 to 1603, he was governor of the Channel Isles and modernized defenses with a new fortress. Around 1600, he famously laid his cloak over a puddle so the Queen's feet wouldn't get wet. In 1603, James I, the new Catholic King, imprisoned him in the Tower of London until 1616, citing the Main Plot. This was a Protestant conspiracy led from Main near Le Mans in France. The idea was to dethrone King James I. During his imprisonment, he wrote a *History of the World* about ancient Rome and Greece. In 1616 the King released him for a second trip to find El Dorado, but he forbade piracy. During the expedition, Raleigh's men sacked San Thom , a Spanish outpost. During the attack, Raleigh's son Walter was killed by a bullet. On return to England in 1618, Raleigh was executed after the Spanish ambassador complained. His execution was seen as unjust. He was probably never really involved in the Main plot either. Some say just before being beheaded, he was granted a last pipe of tobacco, establishing the tradition of a last smoke before execution.



JT 63 \$5 original/1875 series National Bank Note, August 1865 (note series 1875 stamp), Fr 404, EF 40, Bank of New York National Banking Association. New York City, NY, Charter # 1393, Accession # 1331.



The note above must surely be called the Columbus Note if any is. The face shows Columbus sighting land, and on the right Columbus is presenting an Indian princess representing America to the Old World. On the back is a marvelous engraving of the landing of Columbus. The face shows SERIES 1875 printed vertically beside the bank charter number 1393. Where is charter number 1492 when you need it?! There is a small scalloped red seal found on series of 1875 notes (original series had small spiked red seals). The \$5 first charter NBN ranks as #29 in Bowers and Sundman's *One Hundred Greatest American Currency Notes*. The bank block of the Bank of New York National Banking Association is below with the signatures of the Cashier Mason and the bank President R.B. Florres.

Ninety large notes are extant. The bank liquidated 7/27/1922. Paper Money Values of April 2010 lists this at \$1,950 and Kelly at \$1,560. The Act of March 3 1875 also specified that with the resumption of specie payment at par in 1879, no further \$1 or \$2 notes would be printed. On the face on the left is the vignette *Columbus in Sight of Land* by Charles Fenton, on the right is *America Presented to the Old World* by Charles Burt. The back vignette is the landing of Columbus by Luigi Delnoce.

Five-dollar large NBNs were printed in sheets of \$5-\$5-\$5-\$5. This has the plate letter D, so it is on the bottom of the sheet. The face reads, "This note is secured by bonds of the United States deposited with the U.S. Treasurer at Washington." Beneath this are the signatures of Scofield as register of the Treasury on the left, then a little device that looks like a thistle from a distance and then Gilfillan as the secretary of the Treasury on the right. What is this thistle? It reads, "Printed at the bureau engraving and printing (USA monogram in shield) Treasury Dept." Quite an engraving feat for a device only 5 mm wide! The first national bank to issue currency was the First National Bank of Washington, DC in 1863. A descendant of Huntington, the bank's cashier, who saved a serial number one \$5 note, auctioned the bill in 2001 for a record \$220,000.

Although the thistle would suggest that this was printed by the BEP, on the bottom of the face is printed "Continental Bank Note Company, New York" (ConBNCo). However, we know that the BEP mandated that plates be transferred to the BEP at some stage and that ultimately all work had to be done in the BEP in 1887. Despite that, the back of this note was also engraved by ConBNCo. The sheets were printed in New York City and then sent to the BEP for numbering and seal imprinting. In 1874, the BEP was first recognized in congressional legislation and in 1875 it first received individual operating funds. Although the bank was chartered 7/7/1865 and incorporated in August of 1865, the note is a series 1875 first charter so must have been printed after 1875.

When contracts were made for printing first charter NBNs, ABNCo and NBNC Co got most of the business, but the Continental Bank Note Company got the contract for the \$5 note. This company was started by Ormsby with others. W.L. Ormsby was born in Hampton, CT in 1809. At 16, he became a blacksmith's apprentice in Rochester. At 20 he studied design at the National Academy of Design. He settled in New York City in 1840 and outspokenly said the best counterfeiting deterrent was a good, large vignette. He lacked diplomacy and criticized the ABNCo and NBNC Co for their Canada Green tint and "cycloidal configurations." He also criticized the government's way of handing out contracts. Obviously, he was on Salmon Chase's do-do list. He drew a salary of \$5,000 a year at the Continental Bank Note Company—an astronomical sum at the time. He was also a true renaissance man. He took over from Horace Greely as president of the New York Liberal Club, edited the *Lee Literary Journal*, was a reporter for the *New York Herald Times and Sun*, a spectacle maker and the first passenger on the overland mail route to California. He invented the transfer press for siderography along with 23 other inventions.

Columbus, whose proper name was Cristaforo Colombo, 1451-1506, was supposedly born in Genoa, Italy, the son of a weaver. However, Professor Estelle Irizarry at Georgetown University recently studied his language and grammar in Columbus' official records and letters and concluded that his mother tongue was Catalan rather than Castilian, suggesting he came from Aragon. His brother Bartolomeo was a cartographer in Lisbon. At age 14, Columbus attended Prince Henry's navigation school in Sagres, Portugal and eventually became a Portuguese merchant mariner. At 22, he apprenticed as a business agent for three prominent Genoese families. In 1476 at age 25, he sailed to Chios in the Aegean and three years later to Bristol, Galway and possibly Iceland. Returning to Lisbon in 1479, he married Filipa, daughter of a Portuguese nobleman of Genoese origin who was proprietor of the six-mile-long Porto Santo Island in the Atlantic above Madeira. Columbus and Filipa lived there for a while, which may have got Columbus thinking about voyages west. His marriage also gained him access to royal courts. From Filipa he had one son, Diego, but Filipa died soon after his birth. Columbus never remarried.



Commemorative half dollar 1893 for the Columbian Exposition showing the Santa Maria on reverse.



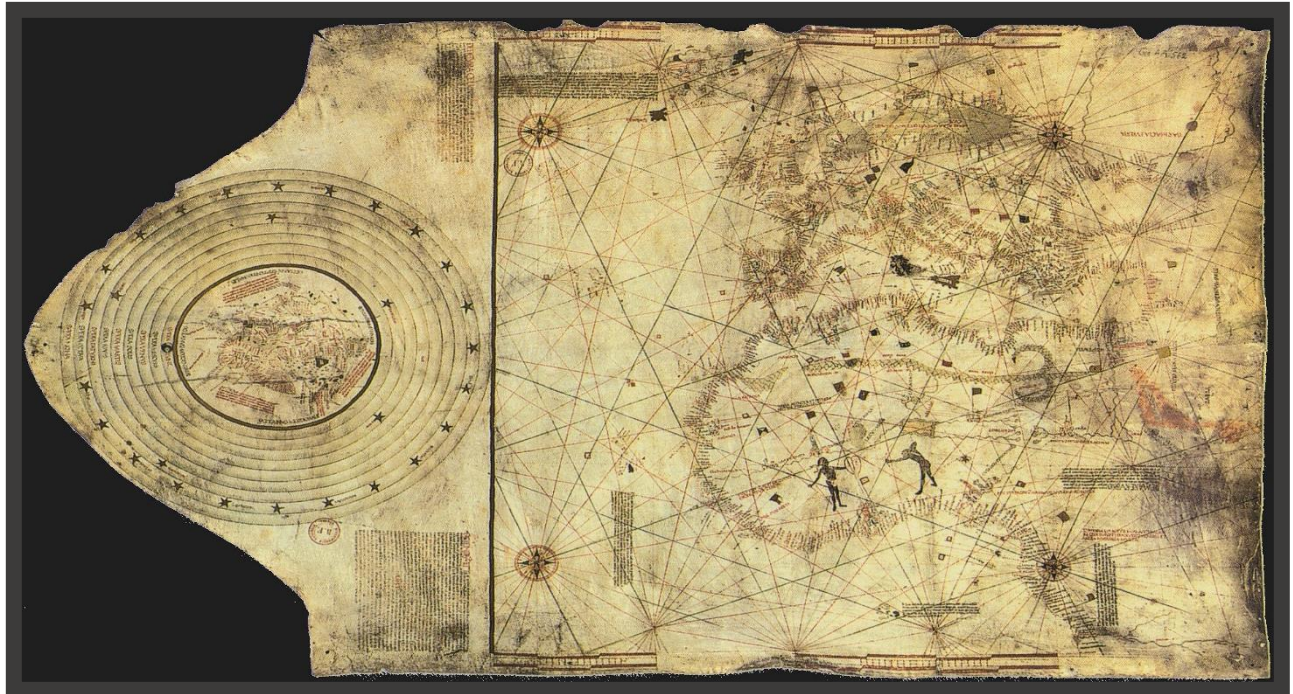
Left: Columbus by Alejo Fernandez, contemporary, right: Columbus by Piombo, posthumous, probably 1529.

The only contemporary portrait of Columbus was by Alejo Fernandez. He had reddish hair, probably blue eyes and he went grey early. The Piombo painting was posthumous, made around 1529, and probably was of a Bologna cleric and not Columbus. The notations on the painting were probably added later to suggest that it was Columbus.

Europe got silk, opium and spices overland from the East, which was controlled by Byzantium, but after the Ottomans defeated Byzantium in 1453 access became tricky. Columbus with his brother Bartolomeo thought of a western route to the Orient, seriously miscalculating the Earth's circumference. Ptolemy calculated the Eurasian land mass to occupy 180

degrees of the Earth, but others had calculated 225 degrees. Also, Christopher and Bartolomeo read maps in Italian miles of 1.2 kilometers, downsizing the Earth due to Islamic scholars using Arabic miles of 1.8 kilometers.

Eratosthenes, a Greek astronomer who lived from 276 to 195 BCE, was the first to calculate the circumference of the Earth. He had calculated the distance from the Canary Isles to Cipango (Japan) to be 12,200 miles. No ship could carry enough water for such a voyage. In fact, few ships travelled over 30 days without landfall then. No one knew America was in the way. Columbus miscalculated the distance as 2,400 miles. He got copies of a letter and map sent by Florentine scientist Toscanelli in 1474, who felt the same way as Columbus. But Columbus also knew what few others knew- that the Atlantic winds were westerly from the Canaries but easterly across the northern Atlantic.

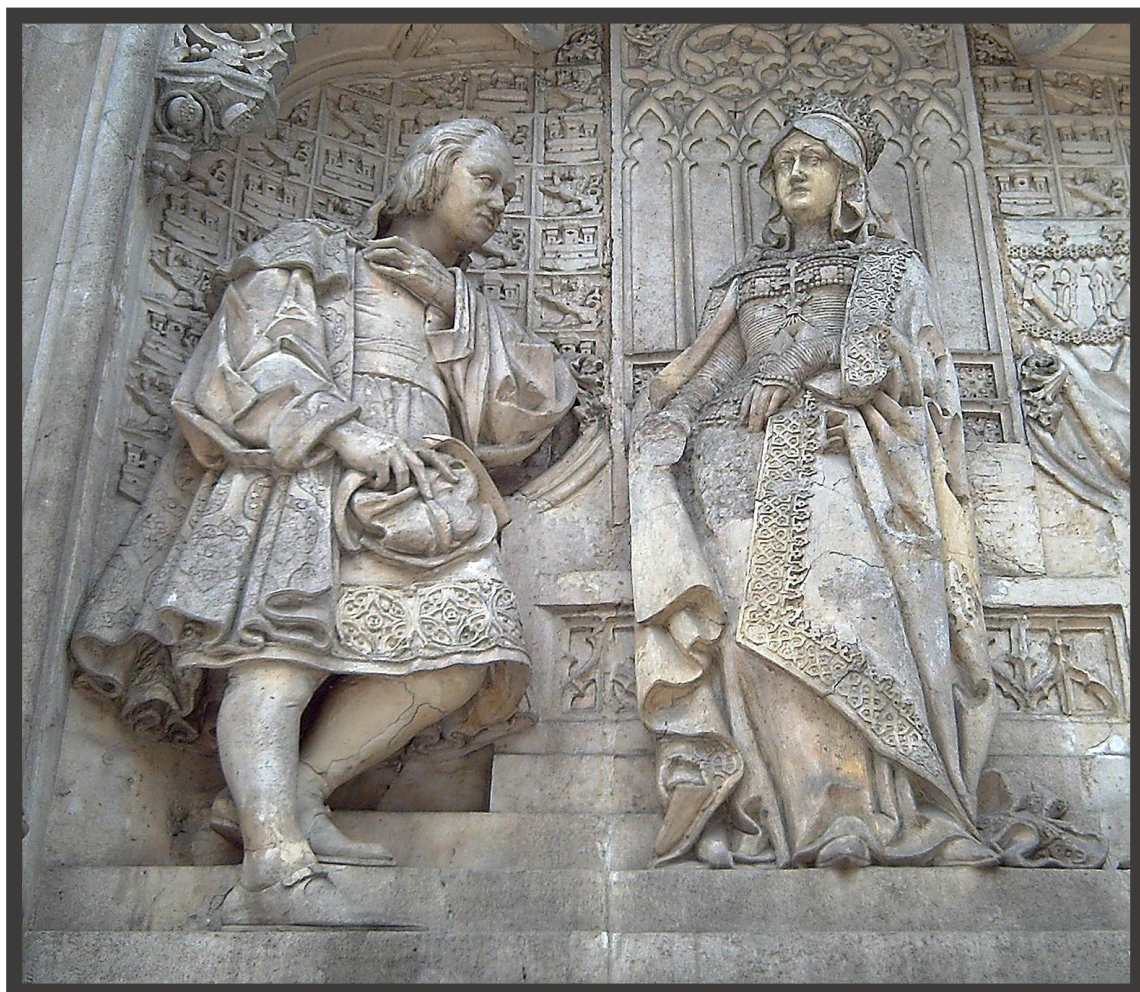


Bartolomeo and Christopher Columbus map drawn in a workshop in Lisbon, 1492.

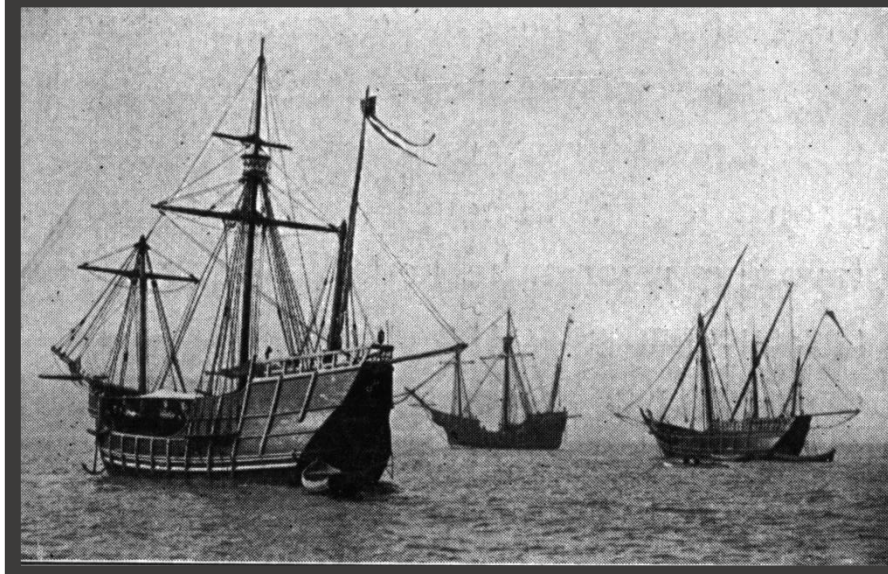
Naturally, in 1485 when Columbus asked the King of Portugal to sponsor him, the King's experts rejected him. In 1486, Columbus sought an audience with Queen Isabella of Spain, whose advisors likewise rejected him. But perhaps to stop him from inspiring others, they kept him on a retainer of 12,000 Maravedis a year. By 1488, Bartholomeo Diaz had rounded Cape of Good Hope, presaging for an easterly sail to the Orient. Also in 1488, Columbus had an illegitimate son Ferdinand from Beatriz Enriquez de Harana. In 1492, Ferdinand and Isabella drove out the Islamic Moors and Jews. They finally agreed to finance Columbus and agreed to his demands to be made Admiral of the Seas, but refused 10% of any profits. They frankly expected he would perish. But when fabulous wealth followed, the Spanish crown tied up Columbus' descendants in court until 1790- almost 300 years!



Isabella Commemorative quarter 1893 for Columbian Exhibition.



Columbus and Queen Isabella of Castile Monument at Plaza de Colon in Madrid, Spain built 1885.



Above: modern replica of Santa Maria, below: replicas of Santa Maria, Nina and Pinta at 1892 Columbian Exposition.

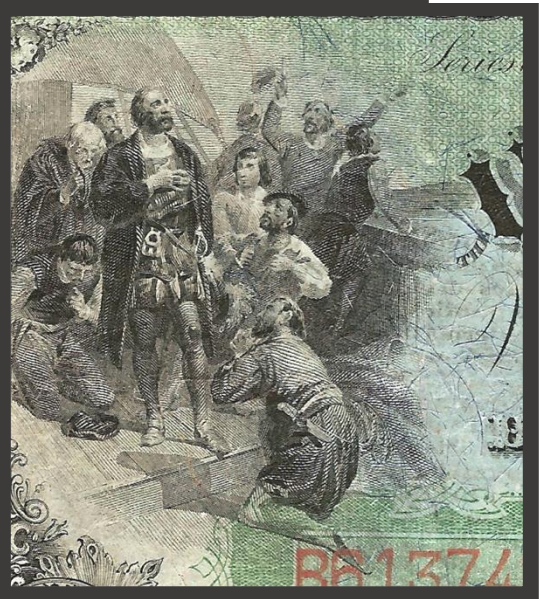
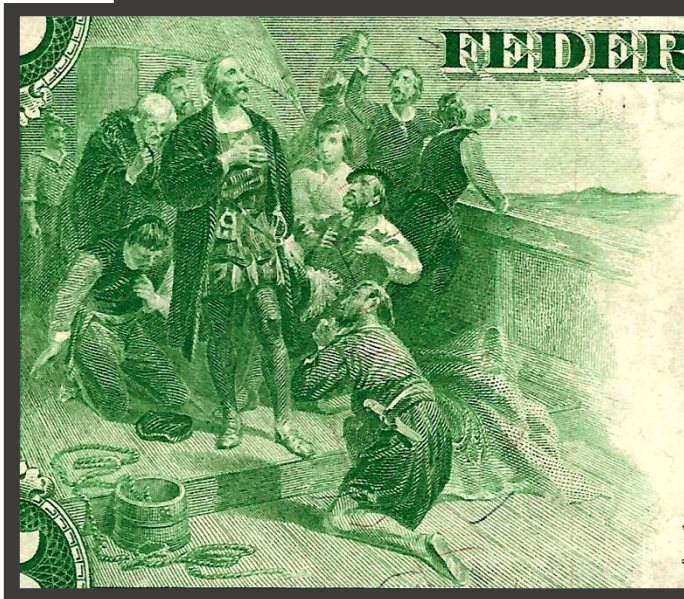
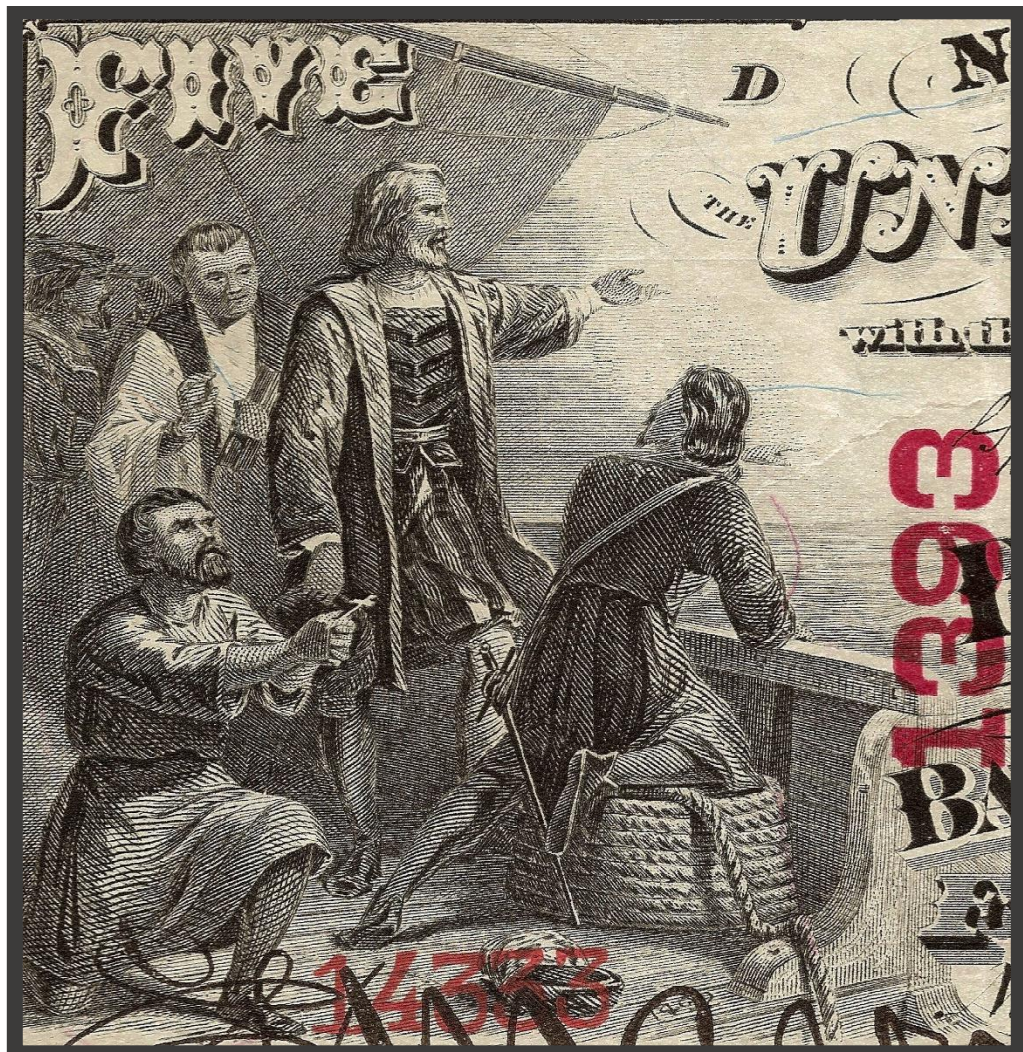


Columbus' first voyage, 1492.

In August, 1492 Columbus set sail in the Santa Maria, Pinta and Nina from Palos, Spain, where the Pinzon brothers, leading citizens of Palos, participated and enlisted seamen. He sailed to the Canary Isles for reprovisioning and set sail again on September 6th. Land was sighted October 12th, only five weeks later. His and later conquistadors' motives were "Gospel, Glory, and Gold;" i.e. converting natives to Catholicism, rising in nobility, and wealth. Landfall was either Samana Cay or San Salvador (Watling) Island. The natives were very friendly and peaceful. He then explored the north coast of Cuba and sailed west to Hispaniola (present day Haiti and Dominican Republic).

In Hispaniola, the Santa Maria ran aground. Columbus left 39 men behind at the settlement of La Navidad (so called because it was Christmas day when the Santa Maria ran aground). He kidnapped dozens of natives and returned to Spain, showing the seven that survived to the King and Queen. His men brought back syphilis, which spread rapidly, first through the courts of Europe and then through the clergy and peasants, ultimately killing five million people in the Old World. When Ferdinand heard that the Portuguese King John laid claim to the Americas, he appealed to the Pope, who granted Castile all lands west of 379 leagues west of Cape Verde Islands to Spain, and East of that to Portugal. This was the treaty of Tordesillas in 1494. Thus, Brazil went to Portugal and the rest to Spain.

Charles Fenton designed the ConBNCo version of *Columbus in Sight of Land* on the left. *The Landing of Columbus* on the \$5 NBN back was copied from a painting by John Vanderlyn in the Capitol Rotunda and engraved by Luigi Delnoce, Joseph Andrews, Walter Shirlaw or James Bannister. There were five versions of the engraving.



Top: *Columbus in Sight of Land* on \$5 original/1875 series National Bank Note; bottom is a different engraving, *Columbus Discovery of Land*, left on \$5 FRN, right on \$1 Rainbow.



Landing of Columbus by Luigi Delnoce on back of \$5 NBN.



Landing of Columbus by John Vanderlyn, commissioned 1836, in 1847 placed in the Capitol Rotunda.



Columbus' second voyage, 1493.

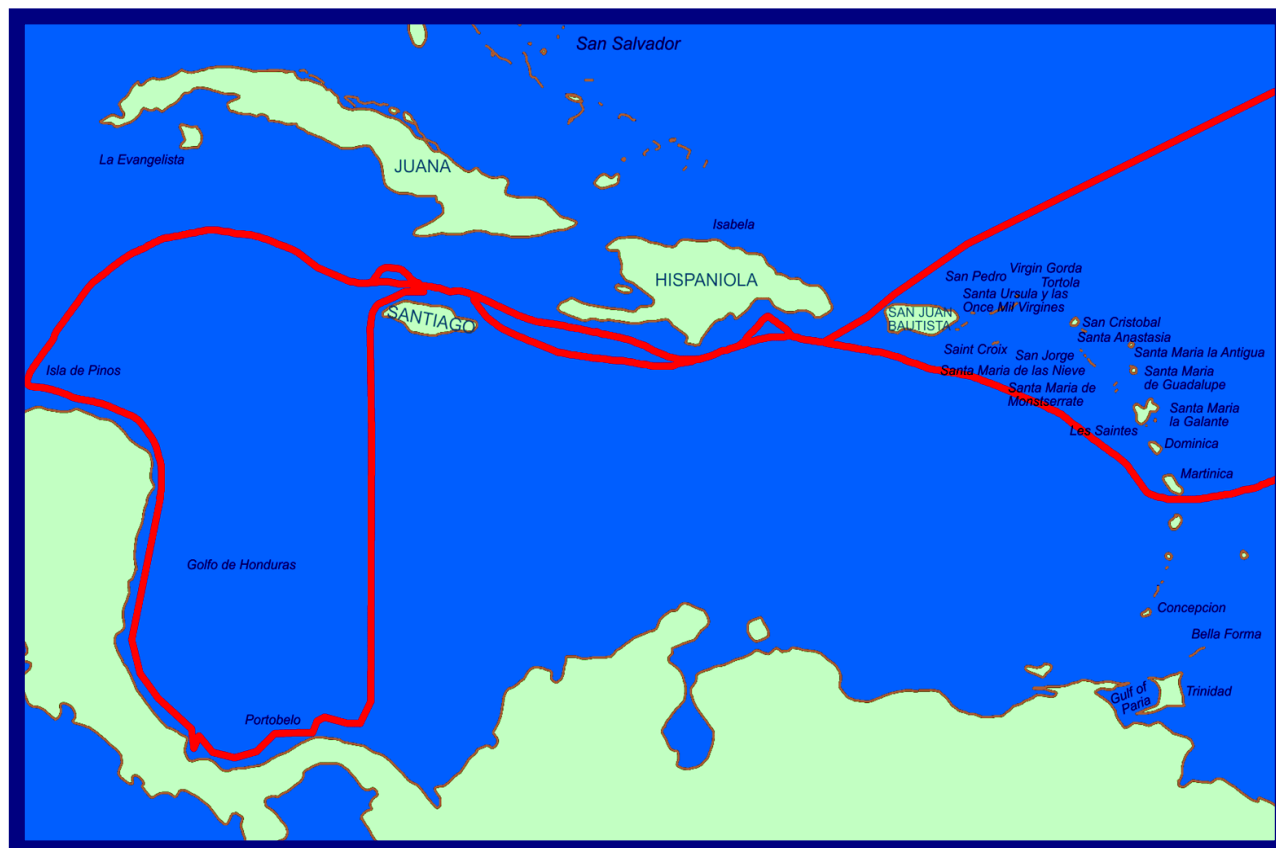
In September, 1493 Columbus made his second voyage with 17 ships and 1,200 men. He explored the Caribbean Islands and then returned to Hispaniola. He found La Navidad destroyed by the native Tainos and established a new settlement, La Isabella, on Hispaniola's north coast, where he stayed for five months. Later, he sailed to Cuba and Jamaica and then returned to Hispaniola. Columbus instituted genocide against the Tainos, cutting off their hands if they did not bring gold, which was very scarce. The Tainos had inferior weapons so fled, committed suicide, died from European diseases or were enslaved. Of 250,000 Hispaniola Tainos in 1493, only a few hundred were alive by 1550. The Spaniards under Bartolomeo moved to Santo Domingo in the south in 1495 to be in a better settlement. In 1496, Columbus returned to Spain, leaving his brother Bartolomeo as governor.



Columbus' third voyage 1498.

In 1497, Vasco de Gama sailed for India round Cape Horn for the Portuguese. The race was on! In May, 1498 Columbus left with six ships from San Lucar de Barrameda in southwestern Spain at the entrance to the Guadalquivir River that flows to the inland port of Seville. He sailed on his third voyage to the Canary Isles and then further southwest to the Cape Verde Islands, which he had not done before. Cape Verde had only been settled by the Portuguese since 1462. Actually, Recife, Brazil is only 1800 miles from Cape Verde, and the Leeward Caribbean Islands due west are 2,500 miles.

Columbus travelled to Trinidad, explored the Orinoco River in Venezuela and then returned to Hispaniola to find the Spanish settlers upset about insufficient riches. Columbus asked for a Spanish governor to administer. Spain sent Bobadilla in 1500, who found out about Columbus' atrocities and had him and his two brothers cast in chains to return to Spain. In Spain, Columbus spent six weeks in jail before busy Ferdinand released him and restored his family's freedom and wealth.



Columbus' fourth voyage in 1502.

In 1502, Columbus sailed to Hispaniola from Cadiz with four ships, his son Fernando and his brother Bartolomeo. Columbus predicted a storm on arrival, but the governor in Santo Domingo refused to allow him to port. The first Spanish treasure fleet sailed out, with 29 of the 30 ships perishing. Columbus stepped onto Central American soil at Honduras and Panama, and then became stranded on Jamaica for a year. When Hispaniola's governor heard this, he refused help because he hated Columbus.

Ultimately, Columbus was rescued and returned to Spain in 1504. Columbus never set foot in North America. He said he would convert natives to Catholicism but Catholics banned slavery of Catholics, so he refused to convert Native Americans. He became religious in 1504, heard divine voices and took to wearing a Franciscan habit. He died in 1506, rich but dissatisfied. He died from Reiter's syndrome, a form of arthritis caused by venereal disease. He had arthritis of the knees, inflammation of the urethra (the tube from the bladder running through the penis), and constant pink eye (conjunctivitis). He claimed his 10% share of the profits from the New World from Ferdinand of Aragon, who refused saying he was removed as governor and this nullified legal agreements! He was buried in Valladolid. His remains were moved successively to Seville, Santo Domingo, Havana and then to Seville Cathedral.

In 1502-1504, Amerigo Vespucci published his own travels and published a map showing the land was a new continent and not India as Columbus had thought. Columbus was not the first to discover America but was the first to popularize its colonization. He was an intrepid and brilliant navigator and sailor though an incompetent administrator. He used dead reckoning, in which present position was estimated from a previous position based on estimated speed, elapsed time, and course. This did not account for currents and side slipping of the ship, but if repeated at the same time of year it had certain reproducibility. Whether he was guilty of genocide is still debated.



JT 64 \$10 original/1875 series National Bank Note Jan 2nd 1865 original charter, Fr 412, VF 20, Iron City National Bank of Pittsburgh, PA, Charter # 675, Accession # 1273.

This \$10 note is an original series rather than the series of 1875. It is signed by Register of the Treasury Colby and Treasurer of the U.S. Spinner. Beneath this is the bank block of the Iron City National Bank of Pittsburgh, charter number 675, written both vertically and horizontally. The bank was chartered 12/31/1864, incorporated 1865 and liquidated 2/1/1904. Beneath this are the signatures of George Duncan, cashier and Richard Hays, president of the bank. *Franklin and Electricity* is engraved by Alfred Jones and *America Seizing Lightning* by Charles Burt. The back vignette, *De Soto Discovering the Mississippi*, is engraved by Frederick Girsch.

The note is not listed in Bowers and Sundman's *One Hundred Greatest American Currency Notes*. Each note on the sheet had the same serial number but a different plate letter. First charter and brown back NBNs came in sheets of four, most commonly \$10-\$10-\$10-\$20, or less commonly \$10-\$10-\$10-\$10 or even \$10-\$10-\$20-\$20. For this note, the plate letter is C, so the note was the third in the sheet. The Treasury serial number, D647841, appears top right. The bank serial number, 2526, appears below Franklin. Only 11 notes are known, all large size. This note bears the inscription "This note is secured by bonds of the United States deposited with the U.S. Treas^r at Washington." Kelly lists this at \$2,500. Both sides were printed by the ABNCo. and both sides show the ABNCo. label. This is the only \$10 note known from this bank.



Franklin and son with the famous lightning experiment of 1752 (date bottom left); face of \$10 original charter NBN.

Pittsburgh was the capital of iron smelting and steel production in the U.S. The Bessemer converter that enabled the mass production of steel was invented in 1858. Andrew Carnegie constructed the Edgar Thomson Steel Works in Braddock, a suburb of Pittsburgh in the mid 1870s. This was his first steel mill and as he bought up other mills he was headquartered in Pittsburgh. In 1901, he sold out to a syndicate arranged by J.P. Morgan for \$480 million. This made him the richest man in the world.

The face of the \$10 NBN portrays Franklin's famous kite experiment with his son. For some reason, the tradition seems to be to portray his son William as a child, although he was 21 at the time. Franklin's scientific interests focused primarily on electricity. Alfred Jones captures the likeness of Benjamin but makes William the wrong age. Between William's feet is a Leyden jar- a capacitor that can store static electricity. On the bottom left is 1752- the date of the supposed experiment. The kite is actually shown flying by a thunderbolt. However, it is quite difficult if not impossible to launch a kite during a rainstorm, as the kite is beaten down by the rain.

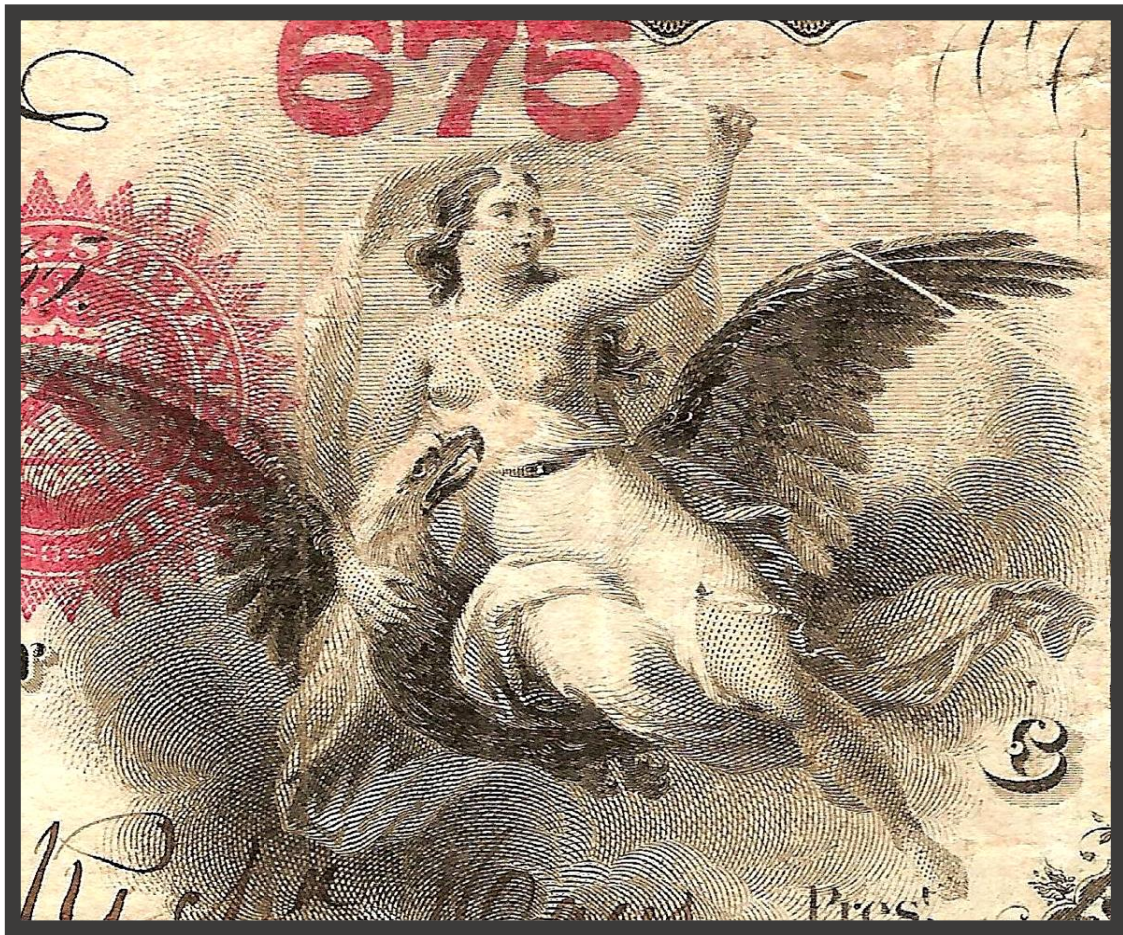
Today we think of the four fundamental forces: gravity (carried by gravitons), electromagnetic (carried by photons), strong nuclear force (carried by gluons), and weak nuclear force (carried by bosons). In Franklin's time, gravity was known about but the other forces were a mystery. Franklin thought that lightning and electricity were the same thing. In 1752, he is said to have flown a kite during a thunderstorm. The wet string acted as a conductor of electricity. If lightning had struck and been conducted down the string, Franklin could well have been killed. However, more likely the electrostatic forces in the air conducted down to the key without lightning striking the kite. The buildup of electrostatic force could then be discharged through the key by holding the hand close by. Similarly, with St. Elmo's fire, electrostatic charge accumulates on grounded objects like boats or buildings during a thunderstorm causing visible fluorescent light. Whether Franklin actually performed the dangerous experiment is unknown, as he never described it, though in 1767 Joseph Priestley published that he did. Franklin was elected Fellow of the Royal Society and invented the words electricity, battery, conductor, condenser, charge, negative and positive that we use today. Franklin also invented the lightning rod to protect buildings from being struck by lightning.

Alfred Jones was born in England and came to the U.S. early in his life. At age 15, he was apprenticing with engravers in Albany. After studying at the National Academy of Design, he traveled to England for further training in oils and watercolor. Upon returning to the U.S., he became a full-time engraver at age 33. In 1857, he formed a company with Smillie, which was later absorbed into the ABNCo. In 1866, he became president of the ABNCo. He died after being hit by a hansom cab in NYC at age 81. He invented the precursor of the halftone process. Engravers knew that heavier or lighter lines and closer or more widely spaced lines could create the impression of varying degrees of grey. Dots of varying sizes can do the same thing and if the dots are small enough, they create the impression of a photo.

The engraving of Liberty soaring on an eagle on the right of the note depicts a nude Liberty being carried upwards grasping lightning. It is called *America Seizing the Lightning*, and was engraved by Charles Burt, the Scottish immigrant artist and engraver. He was very prolific and worked for BEP and ABNCo. Twenty-nine of his vignettes appear on U.S. federal bank notes.

The portrait is a kind of precursor of the face of the \$5 Educational Note showing electricity as the dominant force in the world. There is also an artistic link to both face vignettes: in *Franklin and Electricity* on the \$10 NBN, Franklin tries to harness the force of electricity from lightning; in *America Seizing the Lightning* on the \$5 Educational note, Liberty tries to grasp lightning also. *America Seizing the Lightning* has a star on her forehead and thus is emblematic of the U.S. A circle of drapery surrounds her head and there is horizontal drapery beneath her as though she is on a flying carpet. Despite the outcry about bare breasts on the Educational Notes, this note does not seem to have produced any outcry. Burt would never have seen the Educational Notes, as he died in 1892 and they were not done until 1896.

Today we do not think of engraving as a major art form. We look at a 10' by 15' canvass in oils in the Rotunda as epic. The canvass surrounds us. It took years to finish. It expressed many feelings. We can see that by looking around us. But in the 1800s engraving was an important art form. Many important artists selected it as their preferred medium of expression over oils and watercolors. Although we might not describe it as epic today, some engravings took a year or more to finish. The great tendency today is to think of art in terms of size and not detail or message. But at that time engraving was the means of transmitting art to the masses. Engravers thought that a plate that took a year or two to finish was also epic. So a tour around a bank note with its details and engravings is like a tour around the Rotunda. But today few people are willing to spend the time and effort to do that. But such a tour, like a miniature art museum, is every bit as epic as the huge paintings in the Rotunda.



America Seizing the Lightning by Charles Burt, from face of \$10 original charter NBN.



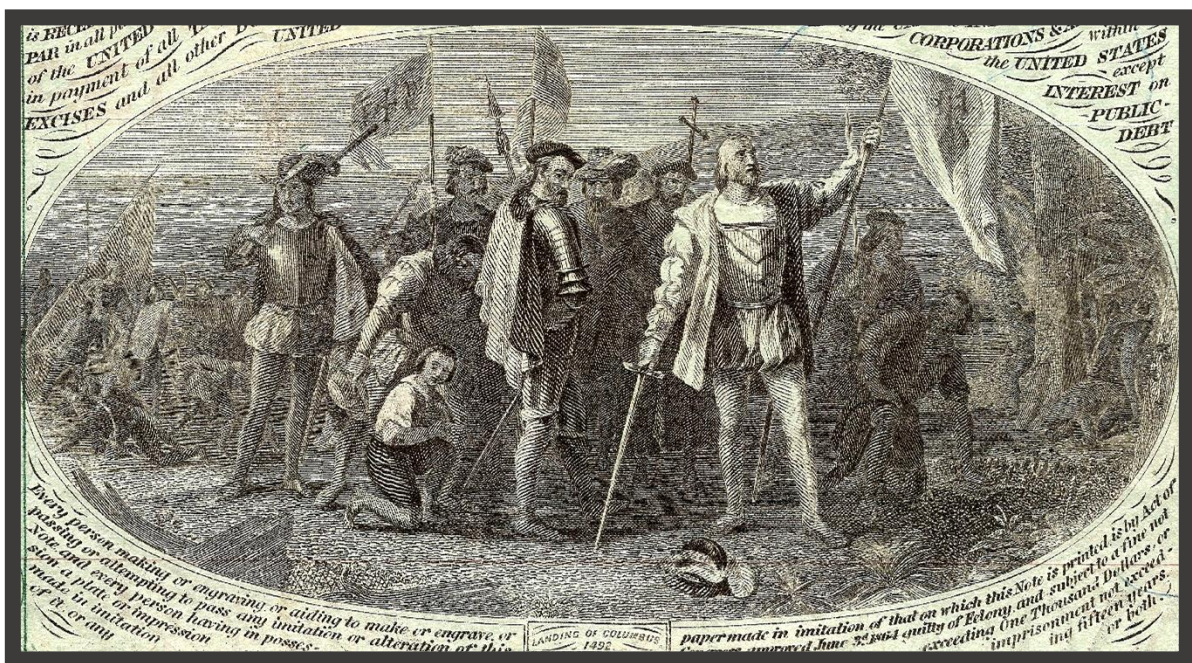
Electricity from G.F.C. Smillie's \$5 Educational Silver Certificate.



A tour of the \$10 first charter room in the art museum.



A tour of the \$5 original/1875 series room at the art museum.



The back of the \$10 first charter depicts Hernando De Soto discovering the Mississippi.

Hernando De Soto (1496-1542) was one of a long list of conquistadors honored today in history:

- Ponce de Leon, who in 1513 was the first European to visit Florida in search of the Fountain of Youth.
- Vasco Nunez de Balboa, who in 1513 discovered the Pacific Ocean, which he called the South Sea.
- Hernando Cortez, who in 1519, against enormous odds, conquered the Aztec Empire.
- Ferdinand Magellan, a Portuguese citizen acting for the Spanish crown, who from 1519 to 1522 rounded Cape Horn and sailed around the world.

- Cabeza de Vaca, who from 1528 to 1536 traveled from Florida to Mexico. He was one of four who survived the Narvaez expedition to Florida, landing in Tampa bay 1528. Narvaez, an incompetent blunderer, was eventually lost at sea and Cabeza de Vaca led the rest of the expedition.
- Francisco Pizarro, who in 1532, conquered the Inca Empire against enormous odds.
- Francisco Vasquez de Coronado who from 1540 to 1542 searched for the mythical seven cities of gold and explored New Mexico.

De Soto was born in an economically depressed area of Spain- Estremadura. Like many, he sought riches as a conquistador after he heard of the conquering of the Moors in 1492. At age 14, he travelled to the New World and was given the rank of a captain by Davila, the governor of Darien (Caribbean side of Panama and Colombia), who admired his courage. In 1523, De Soto and Francisco de Cordoba explored Nicaragua and Honduras. De Soto became a regidor (local ruler) of Leon, Nicaragua. Appointed Captain, he became Pizarro's second in command in 1532.

De Soto became friendly with the imprisoned Atahualpa as Atahualpa filled a room with gold and silver to pay his ransom. De Soto taught him chess and later received 18,000 ounces (half a ton) of gold- his share of plundered bullion, worth about \$18 million today. He became lieutenant governor of Cuzco in 1534 while Pizarro built Lima on the coast. However, when Atahualpa had paid his ransom, Pizarro duplicitously ordered his execution. De Soto was disgusted with this and left Pizarro. De Soto offered a fortune for the second in command position to Diego de Almagro to conquer Chile but was refused, so he returned to Spain. In Spain, De Soto set up an elaborate home with his fortune and at the age of 40 married Isabel de Bobadilla, daughter of Davila, the governor of Panama.

De Soto could have continued his fabulously wealthy life style but heard of Cabeza de Vaca's trip in 1536. He selected 620 to 950 soldiers and sailed in nine or ten ships with 237 horses and hundreds of livestock paid for by selling his properties. He got the governorship of Cuba and other concessions from the King, notably the adelantado (royal license to conquer and govern) of Florida which enabled him to conquer Florida at his own expense and reap shared rewards. He was hoping to rival Cortez and Pizarro. He was well received in Cuba and took over 100 more horses with him. In 1539, with over 1,000 men, he landed in Florida at Charlotte harbor, where a stranded Spanish survivor of the failed Narvaez expedition, Juan Ortiz, was picked up. Ortiz insisted on staying dressed like a native to translate and guide De Soto.



Detail of back of \$10 NBN *De Soto Discovering the Mississippi* by Frederick Girsch.



DeSoto Discovery of the Mississippi by William H. Powell, commissioned 1847, in Capitol Rotunda.

In modern day St. Petersburg you can still find Fort De Soto Park on an island in the harbor. Soon after De Soto landed in Florida, the French burnt Havana. De Soto sent Gonzalo de Guzman to administer justice and helped rebuild Havana. Indians constantly goaded him with the promise of fabulous riches, hoping to disperse his men, perhaps instructed by local stories of Spanish atrocities. De Soto overwintered near Tallahassee.

In 1540, DeSoto travelled through Georgia and South Carolina. At the Savannah River, an Indian chieftess gave him pearls and told him more were available. De Soto collected 350 pounds of pearls from burial grounds and then continued to Alabama. In southern Alabama, they were attacked by local Mabila (now Mobile) warriors. In retaliation, he burnt their city to the ground. Forty to 80 Spaniards and 2,000 to 11,000 Native Americans died. De Soto had instructed Maldonado to shadow him on the coast with supplies, but after threats of mutiny De Soto did not keep his rendezvous and headed further inland.

In 1541, he went west through present day Mississippi and reached the Mississippi River. He crossed the river and continued into Arkansas, Oklahoma, and Texas. He also stayed in Hot Springs Arkansas, where FDR would later recuperate from polio. In June, 1542 De Soto died from a fever and/or battle wounds on the banks of the Mississippi River. Three days after receiving the news in Havana, De Soto's wife died. She had been fully in charge of affairs of state in Cuba. One wonders about assassination.

De Soto's death was kept quiet for fear Native Americans would attack. His body was sunk in the Mississippi by night. Conquistadors had long known that they could defeat Native Americans by seizing their leaders. The expedition had lost half of its men and most of its horses. Now, under Luis de Moscosco, they melted all their iron to make nails for boats to sail down the Mississippi. On the river in seven brigantines, they were constantly attacked by natives. Finally, they reached the Spanish town of Panuco, Mexico (present day Tampico). After resting, they continued to Mexico City where the Viceroy, Mendoza, offered to lead another expedition to settle Florida.

Consequences of De Soto's expedition were the establishment of wild horses and razorback pigs in the U.S., a hostile relationship with Indians and the spread of European diseases to local tribes, namely Cherokees, Seminoles, Creeks, Appalachians, and Choctaws. Although De Soto crossed the Mississippi, Cabeza de Vaca had also crossed near its mouth in 1528. We often think little of rivers today, but in those days, land was defined by the distance between rivers. Rivers were huge obstacles to transport and trade. They had no bridges and needed ferries to be crossed.

The note below is a series of 1875 with these words written vertically on the left of the note. It is signed by, Register of the Treasury Bruce, and Treasurer of the U.S. Gilfillan. Beneath this is the bank block of the Citizens National Bank of Zanesville, charter number 2529, written both vertically and horizontally, and incorporated June 15th 1881. It was chartered 5/28/1881 and liquidated 5/11/1901. Beneath this are two uncertain signatures of the cashier and president of the bank. This note bears the inscription, "This note is secured by bonds of the United States deposited with the U.S. Treas' at Washington." Kelly lists this at \$4,250. Both sides were printed by the ABNCo. and both sides show the ABNCo. label. The Battle of Lexington was engraved by Charles Burt. The standing liberty is *Loyalty* by Luigi Delnoce. The back vignette is *Union and Civilization* by G.F.C. Smillie.



JT 65 \$20 original/1875 series National Bank Note June 15th 1881 (note series 1875 stamp), Fr 435, VF 30, Citizen's National Bank of Zanesville, Muskingum County, Ohio, Charter #2529, Accession # 1482.

The note is listed in Bowers and Sundman's *One Hundred Greatest American Currency Notes* as number 35. Each note on the sheet had the same serial number but a different plate letter. First charter and brown back NBNs came in sheets of four of \$10-\$10-\$10-\$20, rarely in \$10-\$10-\$20-\$20 or \$20-\$20-\$20-\$20. For this note, the plate letter is A, so the note was the first in the sheet, suggesting it was a sheet of \$20-\$20-\$20-\$20. But, in fact, sheets are only listed for this bank in \$10-\$10-\$10-\$20, suggesting that the sheet was \$20-\$10-\$10-\$10. The Treasury serial number H490798 appears at the top right. The bank serial number 5686 appears below the vignette of the battle of Lexington. Only 12 notes are known from the bank, all first charter series of 1875.

The engraving of Lexington on the bottom left was not properly set by the siderographer into the side frame so that only 775 rather than 1775 shows. Lexington will be dealt with in the chapter on second charter notes. The back of the \$20 original/1875 series NBN shows *The Baptism of Pocahontas*.



Left: only contemporary portrait of Pocahontas by Simon van de Passe, right: Europeanization of Pocahontas' features in oil portrait.

Pocahontas (1595-1617) was properly called Matoaka or perhaps Amoniole. She was one of many daughters of Wahunsunacawh, the Powhatan chief. Pocahontas was a Powhatan nickname meaning naughty one in Powhatan. Although she was regarded as a princess by the English, Native American inheritance is matrilineal, not patrilineal, and Chief Powhatan had many wives.

In 1607, the first successful English colony in America, Jamestown, was financed by the Virginia Company-entrepreneurs looking for gold. Initially led by Capt. Edward Wingfield, then Capt John Smith and then George Percy, the majority died from starvation or disease despite supply ships, until Lord De La Warr (Delaware) brought new supplies in 1610. Arriving also in 1610, John Rolfe carried tobacco seeds from the Caribbean. He grew tobacco successfully in 1611. The imported tobacco seeds planted in Virginia tasted sweeter than Native American tobacco. In 1612, he moved 30 miles upstream from Jamestown, opposite Henricus, and became a wealthy tobacco exporter.

John Smith was supposedly captured by the Powhatan chief in December 1607 and was about to be beaten to death when Pocahontas, age 12, threw herself over his body and asked her father to pardon him. Smith never told this story until 1616 when Pocahontas came to England as royalty. John Smith was well known as an opportunist, egotist and an abrasive person. He was a troublemaker on the voyage to Virginia and the ship's captain planned to execute him on arrival in

Virginia. However, upon arrival the sealed orders from the Virginia Company put Smith in charge. Smith had also told a similar story at age 22 about being rescued by a beautiful maiden after being captured by Turks in Hungary in 1602. It is also possible that when Smith was seized by the Powhatan he was being readied for a ceremonial transposition to life as a Powhatan. The Powhatan nation today says the story about Pocahontas is untrue.



Baptism of Pocahontas by John Gadsby Chapman, commissioned 1837, placed in the Capitol Rotunda in 1840.

The top engraving shows detail from the back of \$20 first charter NBN. It is from the *Baptism of Pocahontas* by John Chapman in the Capitol Rotunda. The painting shows Pocahontas being baptized Rebecca by Anglican Minister Alexander Whiteaker in Jamestown, ca.1613-1614. Her brother Nantequaus turns away from the ceremony. She was baptized before she married John Rolfe, who stands behind her.

The Powhatans were initially friendly and Pocahontas regularly brought them a lot of food. In 1609, Smith was injured by a gunpowder explosion and returned to England. Friends told Pocahontas he died. It is not known why. Thereafter, Pocahontas no longer visited the English or brought them food. Before 1612, there was a recorded Pocahontas who married Moroum, a Powhatan warrior, but this may have been Matoaka's sister who was also nicknamed Pocahontas.

In 1613, two English colonists abducted Pocahontas to try to exchange her for English prisoners, tools and arms held by Chief Powhatan. During her captivity at Henricus 30 miles upriver from Jamestown at age 18-19, she was taught English and Christianity. Powhatan released the prisoners but kept many of the valuable arms and tools and this led to violence. At a meeting with the Powhatans, Pocahontas rebuked her father for valuing her “less than old swords, pieces or axes” and retorted, just like a modern-day teenager, that she preferred to live with the English.

At Henricus, she met John Rolfe, who had established a tobacco farm across the river in 1612. In 1614, the pious Rolfe married Pocahontas. He had lost his first wife and son when shipwrecked in Bermuda en route to Jamestown. But Rolfe could not marry a heathen, so she was baptized Lady Rebecca before he married her in 1614, hence the *Baptism of Pocahontas*. Powhatan sent an uncle of Pocahontas and two of her brothers to the wedding. Governor Thomas Dale also agreed to the wedding in April 1614, hoping it would improve relations with the Indians. It did until 1622.

In June, 1616 Rolfe travelled with her and eleven other Powhatans to England to promote the Virginia Company and persuade more colonists to come to America. Pocahontas was introduced to King James at a masked ball and then went to live in Rolfe’s family home. She was to learn that Captain Smith was still alive and in early 1617 Smith visited at a social function. When Pocahontas saw him, she turned her back and hid herself for several hours. She was displeased and called him father, told him that his “countrymen lie much.” There was never any evidence of love between them. Such stories as in Walt Disney’s *Pocahontas* and the 2005 film *The New World* are typical Hollywood romantic fantasies. Such bending of the truth alienates Native Americans. In March, 1617 Rolfe and Pocahontas set sail from London to return to Virginia. But Pocahontas fell ill and was taken ashore at Gravesend, dying shortly at age 22, presumably of a European fever. Her grave at Gravesend was destroyed to rebuild a church according to Powhatan.org.

Pocahontas’ only son Thomas, two years old at Pocahontas’ death, had many descendants. Thomas stayed with family in England. John Rolfe returned to Virginia and married Jane Pierce in 1619. They had one daughter, Elizabeth, who died at 15. Rolfe died in 1622. There was an Indian massacre of 300 Europeans in 1622, but it is not known if he died during it. He left the plantation to Thomas, who returned to Virginia in 1635 at age 20 to vast estates. He married a Virginia bride, Jane Poythress. He was accepted by both English and Powhatan, and the Powhatans gave him thousands of acres. Many first families of Virginia trace their lineage to him.



Presentation of Pocahontas representing America Presented to the Old World on \$5 Original/1875 Series NBN.



Pocahontas Presented at Court or Introduction of the Old World to the New on \$10 Rainbow Note.

The \$5 first charter NBN also has a vignette of the presentation of Pocahontas, representing America, to the Old World. It shows a European, African and Asian. The person presenting her may or may not be John Rolfe. *Pocahontas Presented at Court* on the \$10 Rainbow Note shows presumably John Rolfe presenting Pocahontas to Queen Ann, the wife of King James, with noble onlookers. A curiosity is the Turk seated on the floor smoking a pipe, perhaps a reference to John Rolfe's tobacco business exporting his new sweet, high nicotine strain of Caribbean tobacco cultivated and grown in Virginia. He called this orinoco, possibly in honor of Sir Walter Raleigh who had explored the Orinoco River and first brought tobacco to the Old World.

The backs of the first charter NBNs are certainly a reason to collect first charter types. They depict paintings in the Capitol Rotunda, engraved in black rather than green. The paintings are:

1. *Landing of Columbus* depicted on the \$5 first charter NBN.
2. *Discovery of the Mississippi* depicted on the \$10 first charter NBN.
3. *Baptism of Pocahontas* depicted on the \$20 first charter NBN.
4. *Embarkation of the Pilgrims* depicted on the \$50 NBN.
5. *Declaration of Independence* depicted on the \$100 NBN.
6. *Surrender of General Burgoyne* depicted on the \$500 NBN.
7. *General George Washington Resigning his Commission* depicted on the \$1,000 NBN.
8. *Surrender of Lord Cornwallis*, not on a federal banknote.

The Ace Note had the landing of the pilgrims, and the lazy deuce had Sir Walter Raleigh showing tobacco. For us collectors, of course, we would like to have all eight paintings on easily available notes. But it is not to be. However, of the five first charter type notes easily available, they all have interesting back vignettes:

1. \$1: *Landing of the Pilgrims.*
2. \$2: *Sir Walter Raleigh Showing Tobacco to the Old World.*
3. \$5: *Landing of Columbus in the New World.*
4. \$10: *Discovery of the Mississippi River by De Soto.*
5. \$20: *Baptism of Pocahontas.*

There are about 80 first charter \$50 notes known that list at \$16,500 for VG in April 2009 *Paper Money Values*. There are about 70 first charter \$100 notes known listing for \$20,000 in VG. Three \$500 notes are known, of which two are in government hands. No \$1,000 notes are known. Supposedly, boxes for bank notes in New England were smaller than elsewhere. Therefore, the notes were trimmed with tighter edges. I have heard it said this seems especially to be a problem with \$2 notes.

		FACE	BACK
ORIGINAL/1875		blue or red serial and charter # rare black charter # Charter # on note started 1874 signatures often acid ink erosion original series seal red with rays series of 1875 seal red scalloped	black central vignette green
SERIES		Series 1875 vertically in red	surround
SERIES OF 1882	BROWN BACK	black face red serial #	brown back
	FIRST ISSUE	brown seal vertical	
1882 - 1902	1882 - 1908	red series of 1882, brown charter #	central green (teal blue) charter #
	DATE BACK	blue seal blue	green with 1882 and 1908 in blank
	SECOND ISSUE	serial # no	central panel
	1908 - 1922	vertical blue series of 1882 blue charter #	no state seals just denomination dependant vignette
	VALUE BACK	blue seal	green with note value in blank central
	THIRD ISSUE	blue serial #	panel no state
	1916 - 1922	vertical blue series of 1882 blue charter #	seals just denomination dependant vignette
SERIES OF 1902	RED SEAL	black with geographical letter red	green plain back
1902 - 1922	1902 - 1908	charter and seal blue bank and treasury serial #	
	BLUE SEAL	black with geographical letter	green with 1902 and 1908 printed
	DATE BACK	blue charter and serial #	
	1908 - 1916	blue bank and treasury serial #	either side of central vignette
	BLUE SEAL	black with geographical letter till	green plain back
	PLAIN BACK	1924	
	1916 - 1929	blue charter and serial # no bank serial number after 1925	
SMALL 1929 - 1935			

Colors on different National Bank Notes.

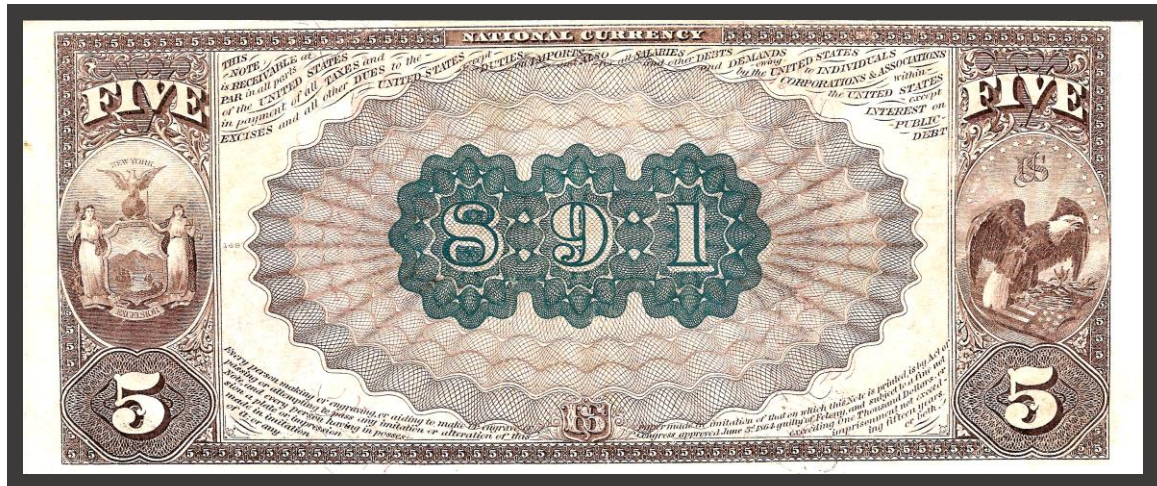
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CHAPTER TWENTY

SERIES OF 1882 AND 1902 NATIONAL BANK NOTES

In 1882, an act authorized the first 20-year extension of national banks using new types of NBNs- the series of 1882 NBNs. These were called brown backs, though most strikingly the middle of the brown back had the bank charter number prominently displayed in an elaborate geometric lathe work numeral in a teal blue, although the color is labeled green. This was surrounded by an oval brown fan in geometric lathe work. The left side cut showed the state vignette and the right side cut the U.S. vignette like First Charter Notes. If the bank was chartered in a territory rather than in a state, both vignettes were the U.S. vignette. If a bank incorporated in 1881, it would be issued first charter series of 1875 NBNs until 1901, when it would get series of 1882 NBNs. Although the face of the \$5 brown back was new, the \$10, \$20, \$50, and \$100 faces were the same as First Charter Notes. Brown backs were issued 1882 to 1908.



Back of series of 1882 brown back NBN.

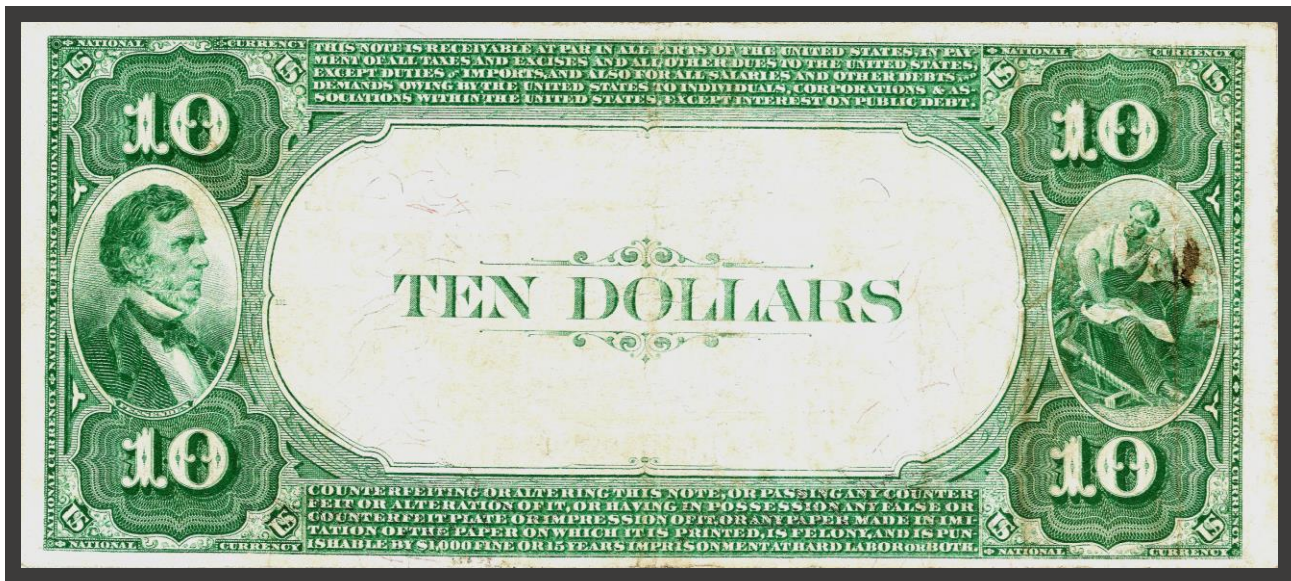
After the 1907 panic, the Aldrich-Vreeland Act of 1908 gave seven years (1908-1915) of temporary relief from national banking inelasticity until the National Monetary Commission decided what to do (they decided on the Federal Reserve System). So, in 1908, there was a change in the backs of the series of 1882 or Second Charter Notes. Instead of the brown back with a teal blue charter number, the back was changed to two dates: 1882 + 1908 on a blank central panel with the entire back changed to green. These are called date backs.



Back of series of 1882 date back NBN.

These notes were issued in 1908-1916. Of course, as collectors looking back, we naturally tend to think of date backs as encompassing the period enumerated; i.e. 1882-1908 date backs should have been produced in 1882-1908. But a moment's reflection will point to the absurdity of this! A note showing dates of 1882-1908 or 1902-1908 must be retrospective. Congress was not prescient! How could the BEP have known in advance that the Aldrich-Vreeland Act would happen in 1908? Thus, date backs showing 1882 + 1908 were listed as history and were printed 1908-1916. The first date (1882 for the series of 1882 and 1902 for the series of 1902) was the date of the series. The second date was the date of the Aldrich-Vreeland Act. At the same time for notes issued after 1908, there was a change in the backing of the notes to reflect U.S. and local bonds.

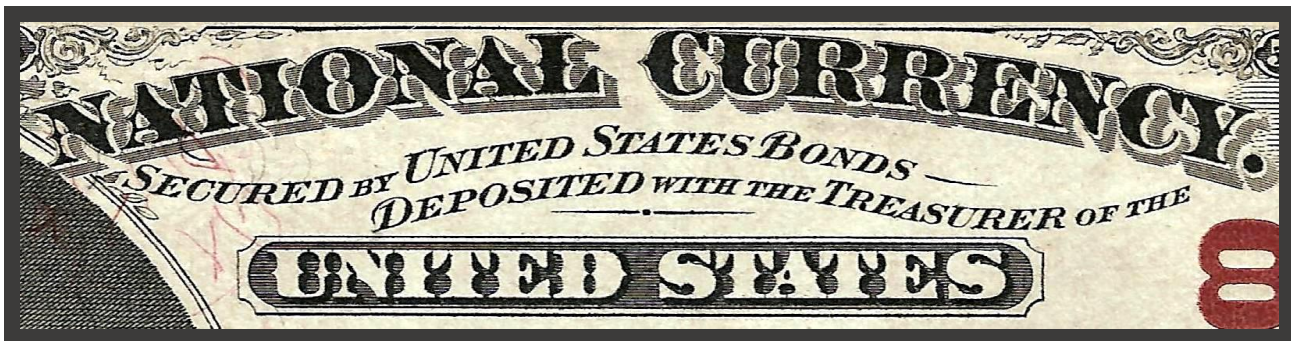
In 1916, the Aldrich-Vreeland Act expired and the Federal Reserve System started. A third issue of series of 1882 notes now had green backs with a central blank panel and the value imprinted on them. These are called value backs. They were issued from 1916 to 1921. The backing of the notes changed back to U.S. bonds only.



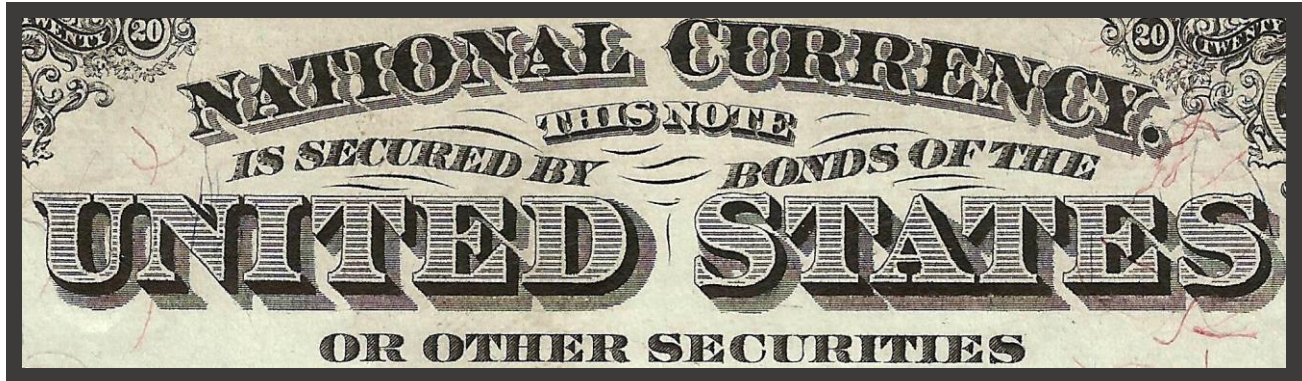
Back of Second Charter (Series of 1882) Value Back NBN.

Contemporaneously, series of 1902 notes started in 1902. Series of 1902 notes had a completely new look. This is all very confusing. A bank that chartered in 1882 with a series of 1882 brown back could extend its corporate life in 1902 with series of 1902 NBNs. A bank that chartered in 1901 would be issued series of 1882 brown backs until 1908, when the notes would change to date backs (still series of 1882) until 1916, when the notes would change to value backs (still series of 1882) until 1921.

The notes before 1908 were backed by U.S. bonds only:



The notes from 1908 on, i.e. date backs, were backed by U.S. and local bonds:



A bank that chartered in 1902 got a series of 1902 NBN. Series of 1902 notes started with red seals and blank backs. They are called 'red seals.' Only 68 \$50 and 96 \$100 third charter red seals are known. Like the series of 1882 date backs, series of 1902 notes starting in 1908 had 1902 + 1908 on the back, also just a piece of history printed on the note. The date back listing 1902-1908 was *not* produced 1902-1908. It was produced 1908-1916. As with series of 1882 date backs, the BEP had no way of knowing in 1902 that the Aldrich-Vreeland Act would pass in 1908, so it could not have known to print such notes in advance! The backing was from U.S. and local bonds. When date backs changed to plain backs, the backing changed again to U.S. bonds only.



Face of series of 1902 red seal NBN. Next came blue seals with dated, then plain backs.

In 1908, the front of series of 1902 notes changed to a blue seal. On the back to the left of the vignette was the date 1902, and on the right the date 1908. These notes were printed 1908-1916. In 1916, the dates were removed to signify that the seven-year changes of the Aldrich-Vreeland Act had expired. Thus, the third type of series of 1902 notes was plain backs with blue seals called 'plain backs.' Plain backs of the third charter can only be differentiated readily from the plain back red seals by looking on the face of the note for the red seal. Thus, a bank that chartered in 1902 would receive red seals in 1902-1908. They would receive date backs in 1908-1916 and plain backs in 1916-1921. In 1922, an act passed to renew charters for 99 rather than 20 years to get uniform NBNs and stop all this confusion. So, plain backs continued to 1929 when small size notes took over. Thus, the sequence is:

First charter	Original charter
	Series of 1875
Second charter	Series of 1882 - <u>brown backs</u> with teal blue charter numbers issued 1882-1908.

- date backs saying 1882-1908 issued 1908-1916.
- value backs issued 1916-1922.
- Third charter Series of 1902**
 - red seals (plain back) issued 1902-1908.
 - date backs (blue seal) saying 1902-1908 issued 1908-1916.
 - plain backs (blue seal) issued 1916-1929.
- Small Size NBNs 1929-1935**

NBNs may be collected by:

- Denomination set by original/1875, series of 1882, and series of 1902 (over \$20 too expensive).
- One from each state and/or territory.
- One from every town known in a state.
- One note from each state capital (Carson City, Nevada, and Tallahassee, Florida are unavailable).
- Alphabetic set by town name.
- One from every bank in a specific town.
- One from each geographic letter on notes printed 1902-1924.
- Zany bank names like Intercourse, PA, and Sleepy Eye, MN.
- Unusual serial numbers.
- Errors.
- Large size only or small size only.
- Charter numbers e.g. first 100 charters, or number 1, 10, 100, 1000, and 10,000.
- Signature combinations of register of Treasury and treasurer of the U.S.
- Your home town bank if it had a national bank, with historical research on the bank and its people. If you are descended from an officer of the bank this is even more interesting.
- Famous signatures, e.g. J.P. Morgan, Andrew Mellon, Brigham Young.
- Oddities, e.g. black charter numbers, notes changed to read vice president for the bank office signatures, vanity signatures (oversized signatures of bank cashier or president).
- Territorials only (15 exist- only one person has ever managed to collect all 15).
- Types of bank titles e.g. occupational bank titles, also titles that include U.S. or Federal, that were banned in 1913 with the passage of the Federal Reserve Act.
- Interesting pairs, e.g. large and small notes from same bank, change in bank title, related serial numbers.
- Civil War NBNs (very few), or Civil War state NBNs after the Civil War.
- Complete sheets.

The total number of banks by charter number by 1935 was 14,348. The first bank chartered in June, 1863 (charter number 1) was the First National Bank of Philadelphia. The last bank chartered in December, 1935 (charter number 14,348) was the Roodhouse National Bank of Roodhouse, Illinois, but no notes were issued. The last charter number known on a large size NBN was the City National Bank of Niles, Michigan (charter number 13,307). The last charter number known on a small size note (1929-1935) is the Liberty National Bank and Trust Company of Louisville, Kentucky (charter number 14,320). Charter numbers were included in the border in six places for series of 1882 and series of 1902 NBNs. Series of 1882 and series of 1902 notes did not come in \$1 or \$2. It may be because by the 1880s, higher amounts of specie existed in banks so low denomination notes were no longer needed. This table, taken from chapter 18, shows the relative assets of national banks in 1866 and 1890. Note the marked increase in specie.

ERA	Number	Assets	Legal Tender Notes	NBNs	Specie
<u>National Banks 1866</u>	1,644	\$1.5 billion	\$200 million	\$17 million	\$9 million
<u>National Banks 1890</u>	3,290	\$3 billion	\$87 million	\$20 million	\$164 million

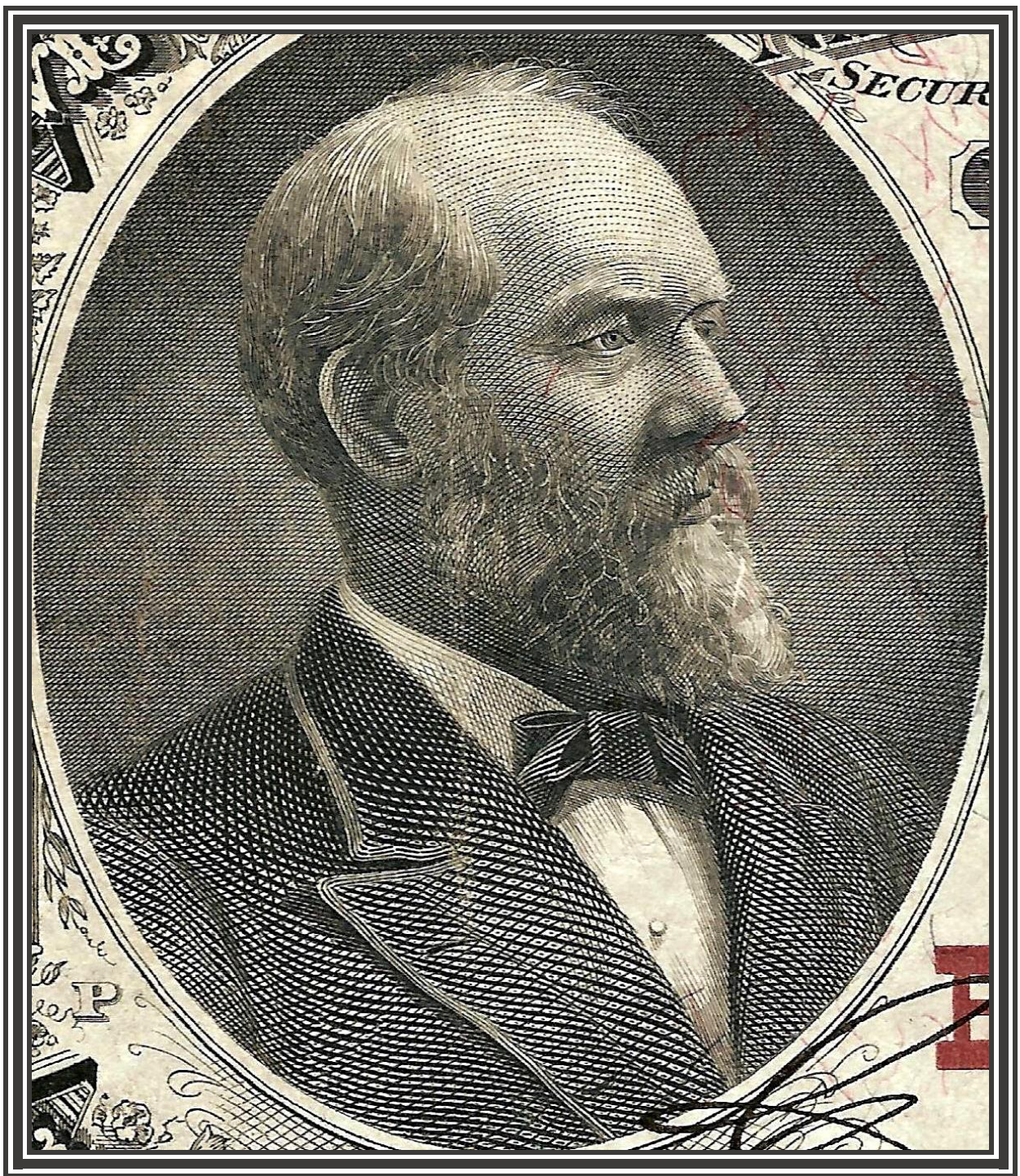


JT 66 series of 1882 brown back \$5, National Park Bank of New York, Fr 467, EF 40, Accession # 1257.

Two uncut large note sheets of this bank and about 350 large notes exist, but only three small notes. The bank was chartered 3/14/1865 and closed 8/24/1929. A \$500 original series of this bank is said to exist and is worth \$2 million. Brown backs were issued from serial numbers 1 to 114480. The note is signed by Bruce and Wyman as register of the Treasury and treasurer of the United States. Below are the signatures of Baldwin as cashier and Richard Delafield as president of the National Park Bank of New York City. The note is valued at \$780 by Kelly; 350 large notes are known from this bank.

The face of the \$5 note depicts, engraved by Lorenzo Hatch, President James A. Garfield in 1881. The face of other Second Charter Notes retained the historical engravings of the first charter series. Garfield's story and assassination are described with JT 39- the \$20 Garfield/Ocean Telegraph. Notice the big letter E in brown. This was a regional letter for easy sorting of redeemed notes by the federal government. E stood for east. The back is the famous brown back, with the bank's charter number in 'green' (actually teal blue) with surrounding geometric lathe work. On the left side is the state seal of New York and on the right side is the federal eagle. If the area was a territory, then a U.S. seal appears on each side on the back.

State seals disappear on the date backs and value backs, yielding to denomination-dependant vignettes. Brown back issues started 1882-1908. The face has a red seal and, unlike first charters, the charter number is worked into the border design repeatedly. Date backs and value backs on Second Charter Notes have blue seals.



Detail of James A. Garfield from a Series of 1882 brown back \$5, National Park Bank of New York.
This portrait was based on a design by Edward Bierstadt and was engraved by Lorenzo Hatch.



JT 67 \$10 series of 1882 NBN value back, Marine National Bank Milwaukee, Fr577, VF20,
Accession #1512.

About 197 large notes and 39 small notes exist for this title of the bank. The bank was chartered 6/20/1900. In 1930, it changed its title to Marine National Exchange Bank of Milwaukee. Ten-dollar value backs were issued in sheets of \$10-\$10-\$10-\$20, serial numbers 19335 to 28475. The note is signed by Lyons as register of the Treasury and Roberts as treasurer of the U.S. Williams signed as cashier of the bank and Lindsay signed as the vice president. The note is valued at \$750 by Kelly. *Franklin and Electricity* is engraved by Alfred Jones and *America Seizing Lightning* is engraved by Charles Burt.

The note's face is the same as the \$10 original series, except for blue and not black serial numbers and a blue seal. There is also a vertical blue 'series of 1882' on the left. Notice the big letter M in blue on the date back and value back series of 1882 notes. These were regional letters. M stood for Midwest. The back is a value back in green. Notice there are no state seals on the back as with original series and brown backs but just denomination-dependent vignettes. Franklin's lightning experiment in 1752 and *America Seizing Lightning* are described in the chapter on original series notes.



Franklin's famous lightening experiment 1752 by Alfred Jones and *America Seizing Lightning* by Charles Burt.



JT 68 \$20 series of 1882 NBN date back, Duquesne National Bank of Pittsburgh, Fr 552, PCGS CU 62, Accession # 1258.

About 102 large notes and 32 small notes exist for this bank. The bank was chartered 5/26/1875 and its charter was extended 5/26/1895. It went into receivership 11/15/1932. \$20 date backs were issued in sheets of \$10-\$10-\$10-\$20, serial numbers 1 to 33577. The note is signed by Tillman as register of the Treasury and Morgan as treasurer of U.S. Mullras signed as cashier of the bank and Bradley as the president. The note is valued at \$4,000 by *Paper Money Values*, June 2009. *The Battle of Lexington* was engraved by Charles Burt. Liberty on the right is called *Loyalty* and is engraved by Luigi Delnoce.

The note's face is the same as the original/1875 series \$20 note. However, being a series of 1882 note, it has a blue seal, blue serial numbers, and blue charter numbers instead of the blue or red serial and charter numbers and red seals of the original/1875 series notes. In addition, the charter number is worked repeatedly into the border unlike original/1875 series notes. Being a date back, there is no vertical 'series of 1882' (they were in red with the brown back and blue with the value back)- all very complicated. Date back issues started 1908-1922. The regional letter is E for east. The green back has denomination-dependant seals on either side of the central blank panel.



Above: \$20 brown back of the Windham National Bank, Willimantic, CT, Fr 496, VF 20, below: the original bank in Windham Center, now a village library.

This is a brown back from my own home village of Windham. The bank was chartered in 1865 in Windham as the Windham National Bank, Windham. Only one large note exists of the original series. The bank's listing was changed on 2/10/1879 to the Windham National Bank, Willimantic, and the bank moved from Windham Center to Willimantic. It extended its charter in 6/22/1882. Thirty-two large notes, starting with series of 1882 brown backs (shown) and 32 small notes (series of 1929) are known for the new listing. The brown backs were printed in sheets of \$10-\$10-\$10-\$20, with serial numbers 1 to 7280. Over its life, it issued \$2,609,170 of notes. In 1935, only \$6,365 of large notes were still outstanding. All the others had been redeemed. The note lists at \$1,450 in *Paper Money Values* in June, 2009. The regional letter N in brown (brown back note) stands for New England. The signatures are remarkably legible considering the number of times they must have signed. Early notes are often hand signed. Later notes were either rubber-stamped, overprinted by print shops hired by the local national bank, or engraved into the plate after 1919.

The battles of Lexington and Concord in 1775 were the first engagements between the British and patriots. Despite American colonies paying less than 5% of the taxes that the British did, patriot agitators cried, "no taxation without representation." Of course, the last thing they wanted was representation. Any colonist vote would be easily outvoted in England. Moreover, when Franklin was sent to England, he was instructed not to push for representation.

Most colonists enjoyed a much better standard of living than most British in England. The colonists became used to greater freedoms. Bostonians resented British army occupation and Boston became the hotbed of revolution. After the French and Indian War of 1757-1763 (called the seven years war in Europe), Britain gained Canada but owed millions of pounds and had to increase taxes to pay its war debts. It seemed only fair that American colonists should participate in the taxes. But the colonists resisted at every turn. Samuel Adams said at the beginning of the revolution that about one third were patriots, one third were pro-British and the remaining third were neutral. Today, it is thought the percentages were more like 40% patriots, 20% pro-British, and 40% neutral.

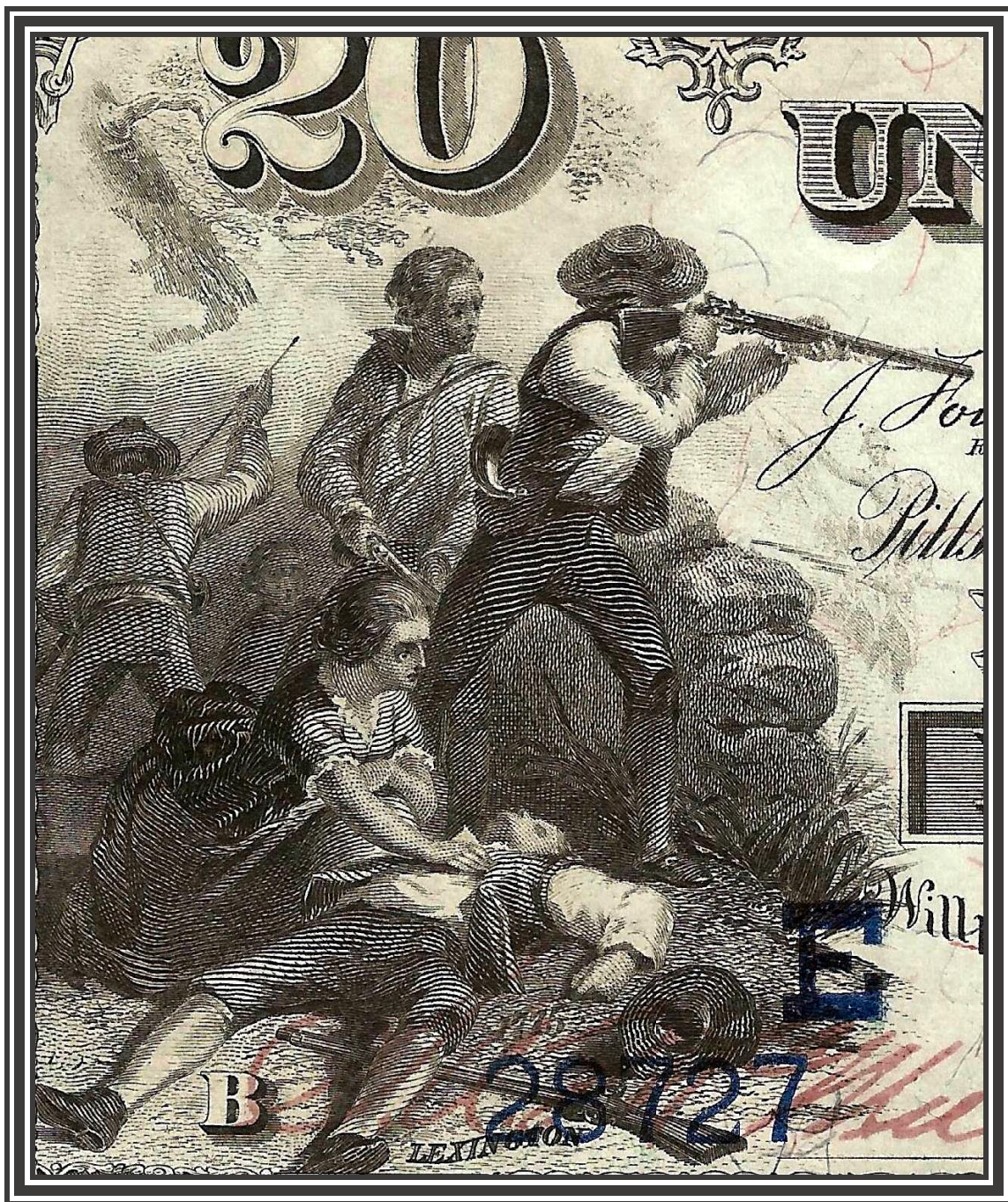
A number of factors led to the push for independence:

- America had been founded by religious dissenters. Colonial clergy did not accept the divine right of kings. They taught that wicked laws should be disobeyed and preached that all men are equal.
- Economic dependence on England. Mercantilism was the old way. Adam Smith was the new way, but the British practiced 'salutary neglect,' i.e. were very lax about enforcing mercantilism. Smuggling in America was not seen as a crime as it was in England. Smuggling was seen as evading unfair controls on colonial shipping. The Currency Act of 1764 forbade the colonists from printing paper money; this damaged the colonial economy and ruined many. Colonists wanted economic freedom.
- In the Proclamation of 1763, King George III forbade colonists from settling west of the Appalachians. This was done to decrease the cost of defense, to decrease conflict with Native American and to milk the lucrative fur trade. But many colonists had already bought these lands and resented the proclamation.
- Liberal ideals of enlightenment engendered by writers like John Locke: Locke spoke of a social contract between people and government. He said if the government abused peoples' rights it should be overthrown. The new republicanism meant the rule of law by a democratically elected government and not by a monarchy.
- New taxes, e.g. sugar tax of 1764, stamp act, Quartering Act of 1765, Townshend Acts of 1767, Tea Act of 1773 and the Intolerable Acts of 1774.
- Many colonists were independent-minded people. Emigration meant independence.
- Colonial legislatures were allowed to raise taxes, raise troops and pass laws, making the colonies somewhat politically independent already.
- Samuel Adams organized committees of correspondence to spread revolutionary propaganda.

Ultimately, the push for independence was because of increasing rules pressed onto an independent-minded people who had effective cheerleaders.

In April 1775, British General Gage was ordered to disarm colonial rebels who were known to have hidden weapons at Concord, Massachusetts and to imprison the leaders of the rebels. A previous expedition to Salem had to retreat because of the presence of rebel militia. Gage knew a showdown was coming. On April 18th, Gage sent Major Mitchell out on night patrol to intercept Samuel Adams and John Hancock- the rebel leaders. This alerted local rebel intelligence workers.

Lt. Col. Francis Smith was ordered to Concord on April 19th, with sealed secret orders to seize the rebel armory at Concord. However, rebel intelligence was so good that rebels knew he was coming, possibly through General Gage's wife, Margaret, who was a rebel sympathizer. Adams and Hancock had already fled from Boston to Concord.



Battle of Lexington, April 19th, 1775 by J.I. Pease from face of 2nd Charter \$20 NBN. Notice 1775 bottom center above Lexington.

Starting in the 1760s, committees of safety appeared in many areas. They usually controlled the local militias, sent representatives to colonial assemblies and planned for emergencies. The committees of safety communicated with the committees of correspondence, which were really an intelligence network. Paul Revere, working for the Committee of Public Safety, was really a rebel intelligence man, recording troop movements and communicating with others. There was a network of riders that had been used years earlier in dealing with Indians to alarm groups to muster.

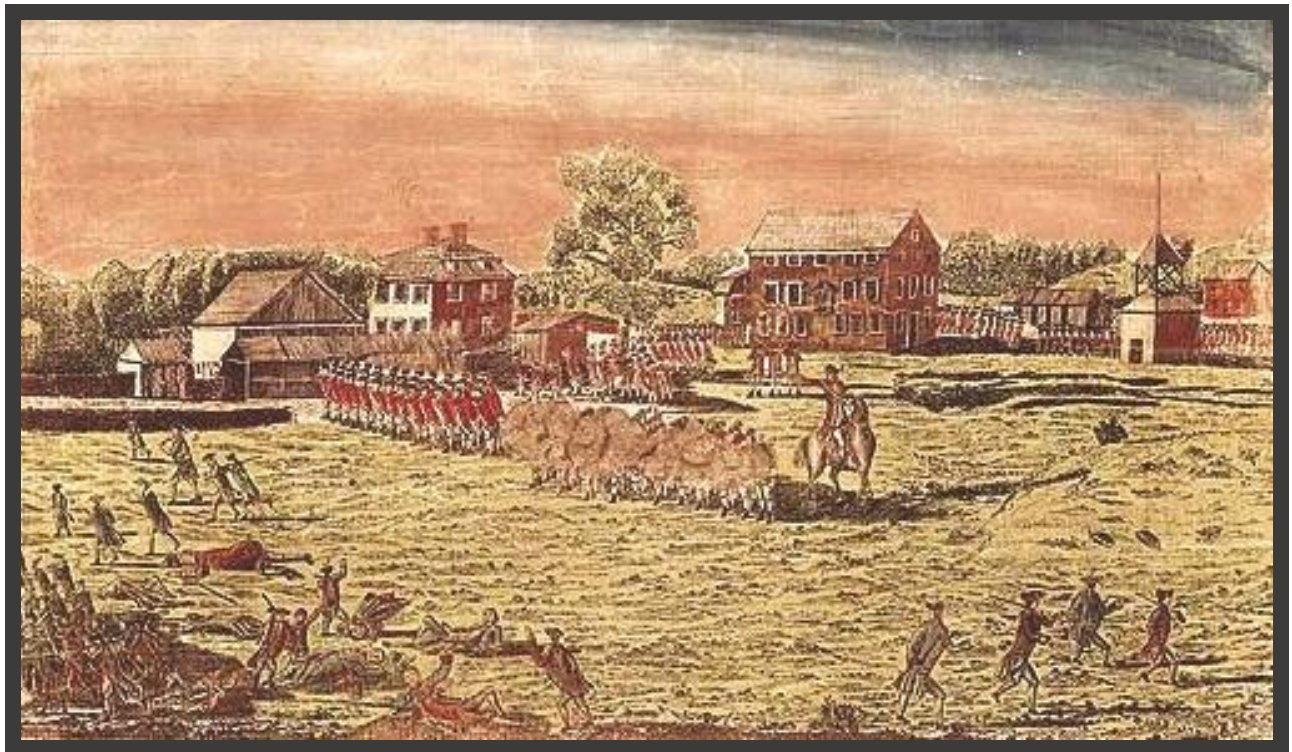
On the evening of April 18th, Revere and Dawes discovered troops moving by boat toward the Concord road and rode to warn colonial militias along the way. They met with Adams and Hancock in Lexington and realized that 700 redcoats were too many to be sent out to arrest just two men. The redcoats disembarked into waist deep water at Cambridge at

2:00 AM and marched 17 miles in wet gear towards Concord. Greeting the redcoats in Lexington at sunrise were 77 Lexington militia under Captain John Parker. They stood on the village common with perhaps 100 spectators. A British officer, probably second in charge Major Pitcairn, rode up and told them to lay down their arms and disperse. A shot was fired, not by the confronted men but from outside, and to this day the identity of who made the first shot of the revolution is unknown. There was noisy confusion. The militia commander, Captain Parker, probably had tuberculous laryngitis, so when he ordered his men to lay down their arms he was not heard. The militia ran still holding their arms, and the redcoats charged. Eight militia died and ten were wounded; only one redcoat was wounded. Colonel Smith arrived after the action was over and directed the militia to go to Concord.

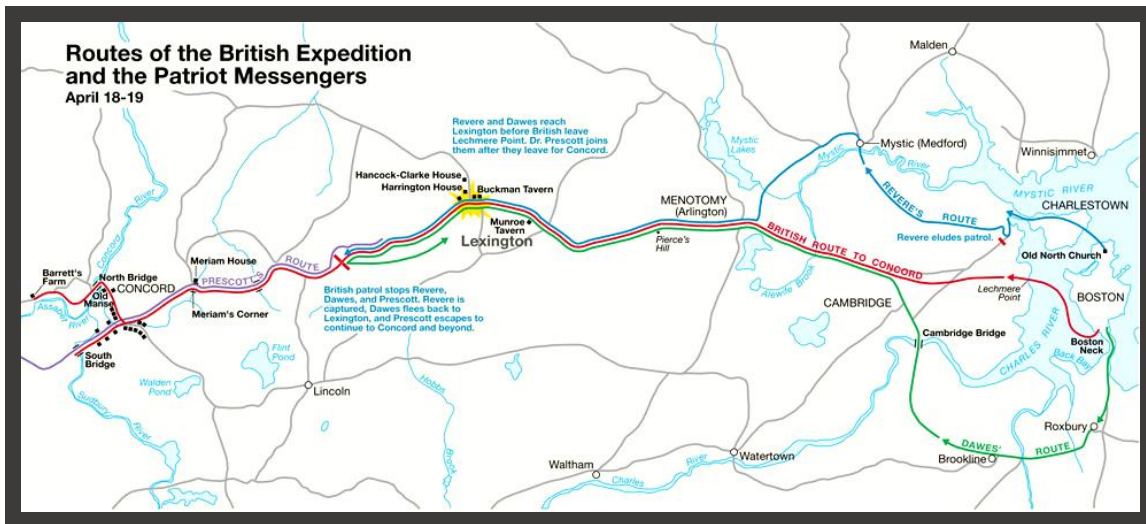
The Battle of Lexington engraving was designed by Felix Darley (1822-1888), a self-taught artist who did thousands of picture engravings for the books of James Cooper, Charles Dickens, Washington Irving and others. The landing of the pilgrims was also Darley's design. The bottom spells out LEXINGTON. The date is 1775 (partially cut off by the siderographer on the bottom left on the first charter \$20 note on page 332). The first charter Lexington vignette was done by Charles Burt but the design was re-engraved for the Second Charter \$20 NBN by J.I. Pease, an engraver for the National Portrait Gallery and for ABNCo. Here, the 1775 is placed centrally at the bottom.

The engraving depicts a young woman attending to a wounded militia soldier on the green, while another militia man fires, another reloads, and a fourth looks on. It is not likely that this is an accurate scene. First, when there is a lot of firing, little more than smoke can be seen. Second, there is no description of any women on the green during the confrontation. Third, after militia members were wounded, they were running for their lives and not standing still. Still, the engraving does a fine job of making patriotic artistry.

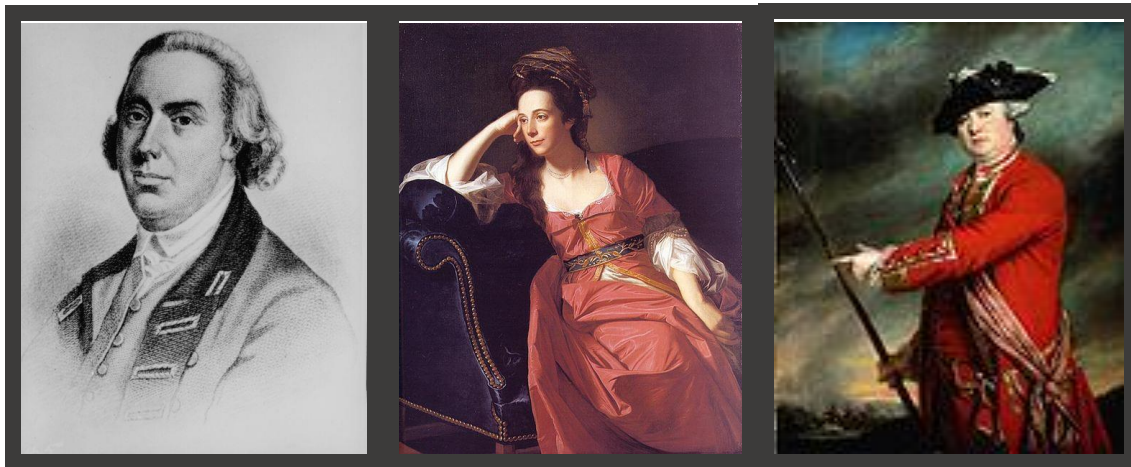
Colonel James Barrett, in charge of only 250 minutemen militia, was waiting at Concord. He decided to surrender Concord and led his men across the North Bridge to observe the redcoats. As Barrett marched, his numbers swelled to 400. The redcoats disabled three cannons and threw 550 pounds of musket balls into a pond, most of which the rebels subsequently recovered. British intelligence that the arsenal was at Barrett's farm would have been correct weeks earlier, but it had since been dispersed to surrounding fields.



Battle of Lexington engraving published by Amos Doolittle in 1775 and hand colored.



National Park Service map showing routes of redcoats from Boston to Cambridge then to Concord.



Left: General Gage, middle: Margaret Gage possible rebel sympathizer, right: Lt. Col Francis Smith.

The redcoats burnt some gun carriages. The fire spread to the village meeting house, attracting rebel Colonel Barrett's attention, who advanced toward North Bridge. He ordered weapons loaded but not fired unless fired upon by the 90-strong redcoat contingent of Captain Laurie on the other side of the bridge. A panicked and exhausted redcoat fired a shot ("The shot heard round the world," or was it the one at Lexington?). This was followed by two more shots. Two rebel militia on the bridge were killed and four wounded. Rebel Major Buttrick ordered the militia to fire back: "Fire for God's sake, fellow soldiers, fire!" They killed three redcoats and wounded nine. The badly outnumbered redcoats fled.

British Colonel Smith came to reconnoiter and then returned to Concord to finish searching for weapons and have lunch. Having lunch may have seemed like a good idea at the time, but it gave time for thousands of militia from a large area to assemble, using their 'alarm and muster' network of riders. But the real action was yet to come. Two thousand colonial militia harassed Colonel Smith's 700 men with recurrent confrontations and ambushes on their journey home. The myth is that they hid behind stone walls and used rifles to pick them off. This is not true; they only had muskets. Colonel Smith was shot in the thigh and Maj. Pitcairn was unhorsed by a shot. Sir Hugh Percy's brigade had been sent out by the British too late to reinforce Colonel Smith, but during the retreat he was useful.

Militia Brigadier William Heath continued distant skirmishing to inflict maximum casualties with least risk. General Heath's effective leadership resulted in huge losses for the British. British General Sir Hugh Percy lost control of his men

and many redcoats committed atrocities. The militia were 4,000 strong by the time the British reached Cambridge. Militia Colonel Pickering, who could have obstructed the redcoats return to Charlestown, did not. He later said the reason was to avoid war by preventing total defeat of the redcoats. Gage sent more reinforcements to Charlestown. Rebel militia General Heath decided at this point to withdraw. The British, who set out with 700 men lost 273, and the militia rebels lost only 95. The next morning, General Gage awoke to find 15,000 rebel militia in Boston. The revolution had begun and Gage was replaced by Howe.



Loyalty or Columbia Leading a Procession, by Luigi Delnoce, on face of \$20 First Charter NBN.

The engraving *Columbia Leading a Procession* is properly called *Loyalty*. It shows a female emblematic of America. She is carrying an American flag and wears what looks like a liberty cap with a band of stars on the front. Behind her are working men. On the left is a man with a scythe and on the right is a man in an apron. Several men have their caps and

arms in the air. Perhaps this is a celebration rather than a procession. This complements the battle of Lexington vignette opposite- new working Americans proud, free, independent and loyal to the new America.

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CHAPTER TWENTY-ONE

SERIES OF 1902 NOTES AND NATIONAL GOLD BANK NOTES



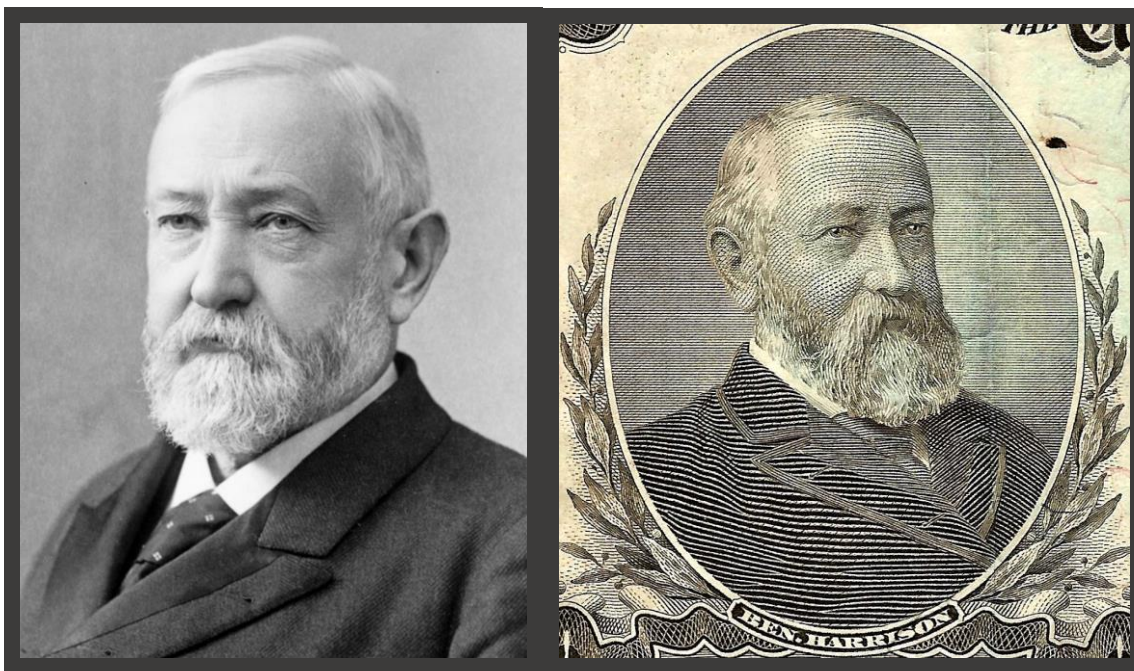
JT 69 \$5 series of 1902 NBN plain back, Worcester County National Bank of Worcester, Fr 598, EF 40, Accession # 1200.

In February, 1905 the Merchants National Bank of Worcester was chartered. It changed its name to the Worcester County National Bank of Worcester on 6/27/1927. These plain backs came in sheets of \$5-\$5-\$5-\$5. The serial numbers were 51831 to 553611. They took over the Spencer National Bank, the First National Bank of Webster and the Second National Bank of Barre. Their total issue was \$24,730,730. When they closed, only \$45,140 in large notes was outstanding. Today, only 29 large notes and 123 small notes are known for this bank.

The note is signed by Register of the Treasury Lyons and Treasurer of the U.S. Roberts. The signatures of the cashier and president of the bank have faded considerably and were made at the time with rubber stamps that were applied to the note after the note was printed by the BEP and sent to the bank. It looks like Thomas signed as cashier of the bank and Walter Tufts as the president. The note is valued at \$235 by Kelly.

Series of 1902 notes had simplified faces. The first issue had red seals and a plain back (1902-1908), then blue seals with a date back (1908-1916), then blue seals with a plain back (1916-1929). The backs had no central blank space like the series of 1882 notes, but engravings in green, here the landing of the pilgrims. In 1919, the BEP allowed bank cashier and president signatures to be engraved directly onto the plate. Putting together a collection of series of 1902 type notes would conveniently include a red seal, date back and plain back, combined with the three denominations of \$5, \$10, and

\$20. The red seals are rarer and tend to be more difficult to acquire. Series of 1902 notes started in 1902. They changed the face of the \$5 from President Garfield to President Harrison, who had just died in 1901. The face of the \$10 was changed from *Franklin's Lightning Experiment* and *America Seizing the Lightning* to President McKinley, who had just been assassinated in 1901. The face of the \$20 third charter was changed from Lexington and Columbia to Hugh McCulloch.



Harrison Library of Congress print and engraving from third charter NBN.

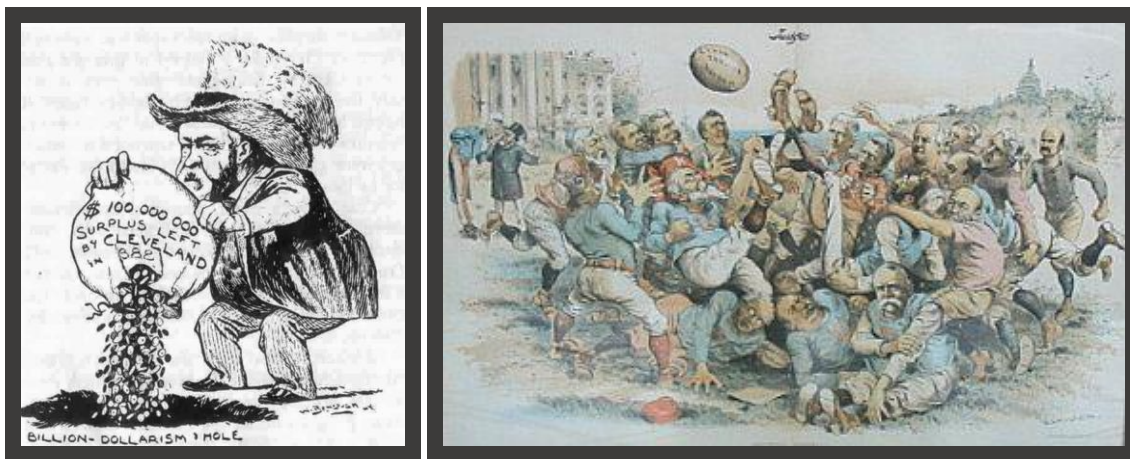
Benjamin Harrison (1833-1901), on the series of 1902 note, was born in North Bend, Ohio. His distant ancestor Benjamin Harrison came to Jamestown, Virginia in 1630. His great-grandfather, Benjamin Harrison, was the governor of Virginia and signer of the Declaration of Independence. His grandfather was President William Harrison, who died of pneumonia after a month in office. His father, an Ohio congressman, had a farm but spent all his disposable income on his eight children's education so that their home was not wealthy. Like his mother, he was a Presbyterian. He graduated in 1852 at age 19 from Miami University, Oxford, Ohio and then studied law in Cincinnati. Before Miami, he spent two years at Farmers College, where he met his future wife, daughter of the College's Presbyterian president. He married her in 1853.

In 1854, he used an \$800 inheritance from an aunt to move to Indianapolis, where he was admitted to the bar. He became president of a gentlemen's club and a fraternity club. Though initially raised as a Whig, he joined the Republicans shortly after they started in 1856. In 1856, he became the Indianapolis city attorney at a salary of \$400 a year. In 1858, he started a law partnership and in 1860 he debated future Democratic Vice President Thomas Hendricks. In 1862 when Lincoln called for more volunteers, Harrison raised a regiment. Indiana Governor Oliver Morton offered him command of the regiment. The inexperienced Harrison declined and was commissioned as a second lieutenant. Later that year, he was promoted by Governor Morton to colonel-in-charge. A typical volunteer officer, he knew little about war and was, fortunately, assigned to guard railroads in Kentucky and Tennessee. He was a strict, cold disciplinarian and unpopular with his men. In 1864, he joined Sherman's Atlanta campaign.

Harrison returned to being a reporter for the Indiana Supreme Court, an elected position, where he often spoke in support of other Republicans. In 1872 and 1876, he lost a bid for the governorship of Indiana and remained in a successful private law practice. He was appointed a delegate to the Republican national convention the next year. When the Republicans took the Indiana state legislature, he was elected Republican senator from 1881 to 1887. A dark horse candidate, in 1889 he became U.S. president with New York State's Levi Morton as vice president, defeating incumbent

Democratic President Grover Cleveland. Harrison's Republican Party indulged in fraudulent balloting in New York State and Indiana.

Once elected, Harrison supported the merit system and not the old spoils system, continuing Chester Arthur's Pendleton Civil Service Reform Act. But Harrison did little. A cartoon of disorganized footballers at the time said, "What can I do when both parties insist on kicking?" Nevertheless, Harrison did appoint reformers Teddy Roosevelt and Hugh Thompson to the Civil Service Commission. Republican John Sherman worked with Harrison to pass the Sherman Anti-trust Act to limit monopoly powers of businesses, but it was poorly enforced. With a U.S budget surplus, President Harrison wanted to spend the money on internal improvements, veteran's benefits and education of children of freed slaves. Democrats wanted instead to reduce the protectionist tariff and spending. Interesting how the parties today would do the opposite!



Left: Harrison's billion-dollar Congress. Right: "What can I do when both parties insist on kicking?"

Free Silverites (composed of western Republicans, southern Democrats, labor and farmers) favored gold *and* silver backing of paper currency. Gold Bugs (consisting of northern Republicans, manufacturers, and bankers) favored gold backing alone. International creditors demanded payment in gold, which was more valuable than silver. This depleted U.S. gold reserves. In the long depression of 1873-1896, there was deflation. Free Silverites wanted to mint silver to expand the money supply. Harrison appointed Free Silverite William Windom as his treasury secretary. His friend, Republican Senator Sherman, passed the Sherman Silver Purchase Act in 1890. He thought expansion of the money supply would be good. But western mining interests sold the silver to the government demanding payment in gold, further depleting U.S. gold reserves. In retrospect, Harrison backed the wrong horse, going for the Silverites against the Gold Bugs.

Harrison was cold and not particularly popular. His personality has been described as iceberg-like, but he advocated for a modern navy and control of a central American canal. He also improved relations with Latin America, with the first Pan American Conference held through Secretary of State James Blaine. Harrison was the first president to have electricity installed in the White House, though he often went to bed with the lights on as he was afraid to touch the switch for fear of being electrocuted! Harrison was the first president whose voice was recorded on a wax cylinder.

Previously, Democrats had blocked admitting any new states to the Union because they feared the consequence—more Republicans in Congress, but during Harrison's administration Oklahoma was opened to settlement. Also, North Dakota, South Dakota, Montana, Washington, Idaho and Wyoming were all admitted as new states.

After the McKinley Tariff Act of 1890, the fate of the Republicans was sealed. The act called for an increase in customs duties to 49.5%. This may have protected northern manufacturers, but for many it made goods too expensive to buy. During Harrison's term, the U.S. Congress was the first to spend a billion dollars, and was it called the 'billion-dollar congress.' By 1893, the money was spent and the panic of 1893 ended Harrison's administration. There was a Democratic landslide re-electing President Cleveland.

Two weeks before Harrison left the White House, his wife Caroline died from tuberculosis. Harrison did not campaign and stayed by her side. Cleveland, stuck in Buzzard's Bay, Massachusetts with gout, did not campaign either. In those days, it was considered in poor taste to travel and campaign. They confined themselves to meeting groups in their town. Harrison was lucky. Cleveland's second term saw severe industrial and agricultural unrest.

Harrison returned to Indiana and joined the board of trustees of Purdue University. In 1896, at age 63, he married Mary Dimmick, 38, the niece of his wife Caroline. She was younger than Harrison's own children. His two children refused to attend the wedding because of this. In 1901, Harrison represented Venezuela in a border dispute against British Guiana. Although he lost, his expertise was widely acclaimed. In 1901, he died from influenza and pneumonia.



JT 70 \$10 series of 1902 NBN plain back, Union National Bank of Lowell, Fr 660, VF 30, Accession # 1201.

On 1/2/1902, the Union National Bank of Lowell was chartered. It changed its title to the Union Old Lowell National Bank on 5/31/1930 and took over the Old Lowell National Bank. Of the first title, only 44 large-sized notes are known, and of the second title only 29 large-sized notes are known. The sheets were made as \$10-\$10-\$10-\$10, and the serial numbers were 1 to 35985. The bank's total issue was \$8,025,710. When it closed, only \$26,330 in large notes (including the taken over Old Lowell National Bank) was outstanding.

The note is signed by Register of the Treasury Elliott and Treasurer of the U.S White. The signatures of the cashier and president of the bank have faded somewhat. Small signed as cashier of the bank and Pollard as the president. The note is valued at \$300 by *Paper Money Values*, April 2009. Series of 1902 date backs are not listed for this bank in Kelly but plain backs are listed at \$300. Series of 1902 \$10 notes differed from the original/1875 and series of 1882 notes in

having simplified faces with the McKinley rather than *Franklin's Lightning Experiment* and *America Seizing Lightning*. McKinley had been assassinated in 1901. His portrait was engraved by G.F.C. Smillie.

The first issue series of 1902 notes had a plain back and red seal (1902-1908) and a central design on the back- *America on Top of the World*. The second issue of series of 1902 notes (1908-1916) had date backs with the date on each side of the central design (and blue seal faces). The back shown is a date back from a different note to show what the date back looks like. The final issue series of 1902 notes (1916-1929) had the same central design backs without the dates on each side.



President William McKinley from photo by Charles Parker.

William McKinley (1843-1901) was born in Niles, Ohio, one of nine children. His father and grandfather were both iron manufacturers. McKinley graduated from Poland Seminary, Ohio, and then went to Allegheny College, Pennsylvania. In 1861 at the age of 18, he enlisted in the army as a private. His superior officer, future U.S. President Rutherford Hayes, promoted him to sergeant and again to second lieutenant for bravery. He later became aide-de-camp to Hayes and developed a friendship with Hayes. He left the army in 1865 as a brevet major.

After the Civil War, he attended Albany Law School and in 1867 he was admitted to the bar in Canton, Ohio. In 1871, he married Ida Saxton. In 1876, he defended 33 striking miners who were imprisoned for rioting and got 32 of them freed. He refused to accept their payment. In 1877-1882 and 1885-1891, he was U.S. Republican congressman from Ohio. In 1890, he engineered the McKinley Tariff Act, which raised import tariffs to 49.5% (though the act also provided for trade reciprocity). The act was so unpopular that it led to the Democratic landslide victory in the congressional elections later that year. At that time, the Republicans wanted protectionist tariffs for domestic manufacturing so that they could use the money for infrastructure development. Democrats wanted to decrease tariffs and decrease spending.

In 1890, McKinley lost his congressional seat in the Democratic landslide but in 1891 was elected governor of Ohio for two terms. He taxed corporations and helped unions and labor. But labor was suspicious of him and did not return the favors. In 1895, a group of destitute miners asked for his help. Within hours, McKinley sent a rail wagon of supplies,

which he paid for out of his own pocket. He investigated how many Ohioans were starving and raised charitable donations for food and clothing for over 10,000 poverty-stricken Ohioans.

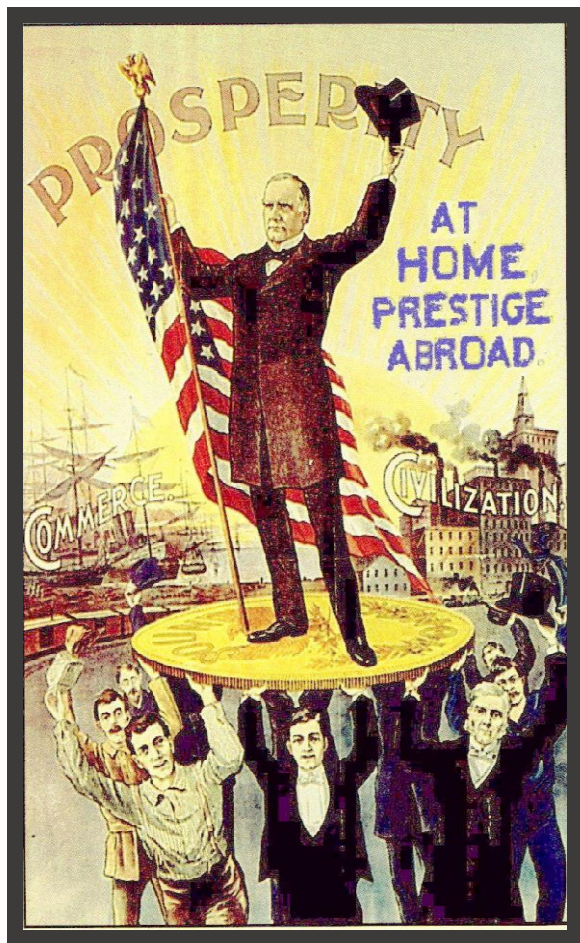
In 1896, he was elected president following his famous ‘front porch’ campaign, in which his friend and manager Marcus Hanna, a wealthy industrialist with connections to big business, was proactive with novel marketing techniques. Hanna had delegations totaling 750,000 people visit him on his porch over time. At the time, it was considered crass for the campaigning president to travel. His opponent was Democrat William Jennings Bryan, who toured 18,000 miles by rail, giving flamboyant speeches on free silver.



Detail of McKinley from \$10 third charter National Bank Note.

McKinley favored a gold standard because U.S. silver coins were debased and foreigners wanted only gold. But McKinley was a compromiser who accommodated Gold Bugs, Free Silverites and Greenbackers. Gold Bugs wanted only gold backing of currency. Free Silverites wanted silver coin backing of currency. Greenbackers wanted paper money printing without worrying about backing. Actually, McKinley initially favored a bimetallic currency but abandoned it and became a Gold Bug.

Luckily for McKinley, business and agriculture surged. The long depression of 1873-1896 was over. He tried to reform civil service jobs with applicants being qualified by exam, but he was opposed by the Department of War. Because of a U.S. budget deficit, the Dingley tariff act in 1897 raised the import tariffs from 20% back up to 50%, though still providing for trade reciprocity. With this, McKinley hoped to compete effectively in world markets using a system of trusts at home and abroad, especially in China, Hawaii and Latin America.



McKinley campaign poster from 1900 depicting McKinley on a gold coin.

Stories of Spanish atrocities against Cuban rebels were publicized by William Randolph Hearst's sensationalist papers. Democrats cried out for war but Republican business interests did not want war. To protect U.S. business interests around Havana, the newly commissioned USS Maine was sent to Havana harbor. In 1898 it suddenly exploded and sank, killing 260 men, probably because of a faulty boiler. But Democrats and the tabloids pushed for war, saying the Maine must have been attacked by the Spanish. Congress voted for the Spanish-American war in 1898. The U.S. took Cuba, losing only 379 men.

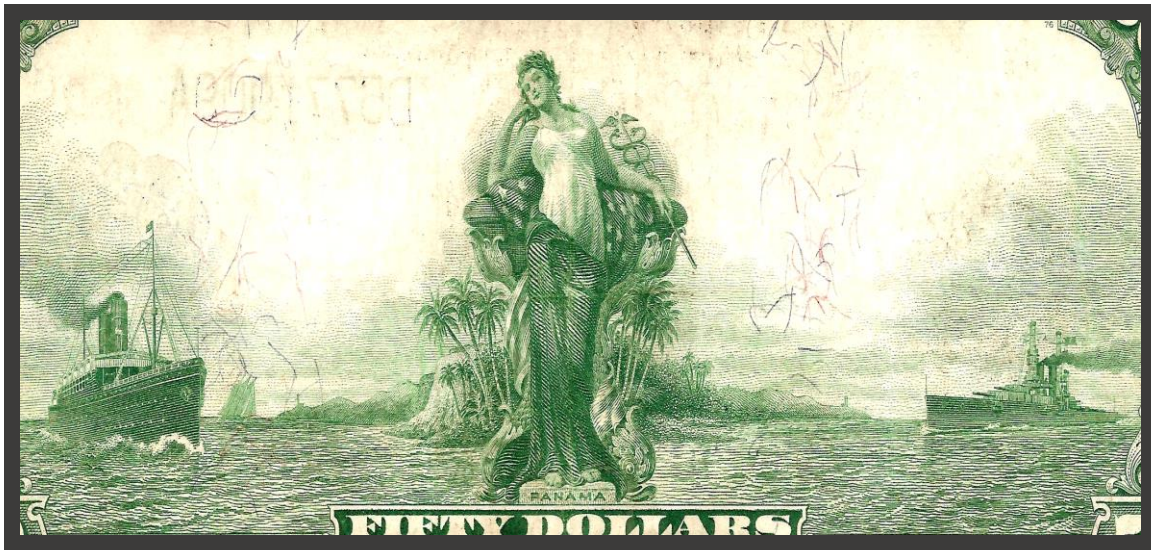
Admiral Dewey defeated the Spanish fleet in the Philippines. The U.S. also gained Samoa, Guam and Puerto Rico. In 1899, the U.S. sent 120,000 men to put down a three-year Philippino revolt, thus taking the Philippines. Hawaii was also annexed. This led to arguments about whether the U.S. should free these countries or annex them. The pro-annexation forces won the day.

McKinley was the first president to use telephone and telegraph to communicate with battlefield commanders and reporters. He was an effective commander-in-chief and had to step in to take over from the incapable Secretary of War Russell Alger. To safeguard trading rights in China, McKinley sent 'open door notes' to major powers in 1899 and 1900, persuading other countries that the U.S. expected all nations to respect U.S. trading rights and not to discriminate against each other. Further, China was to be

respected as an independent country and not carved up by Western interests.

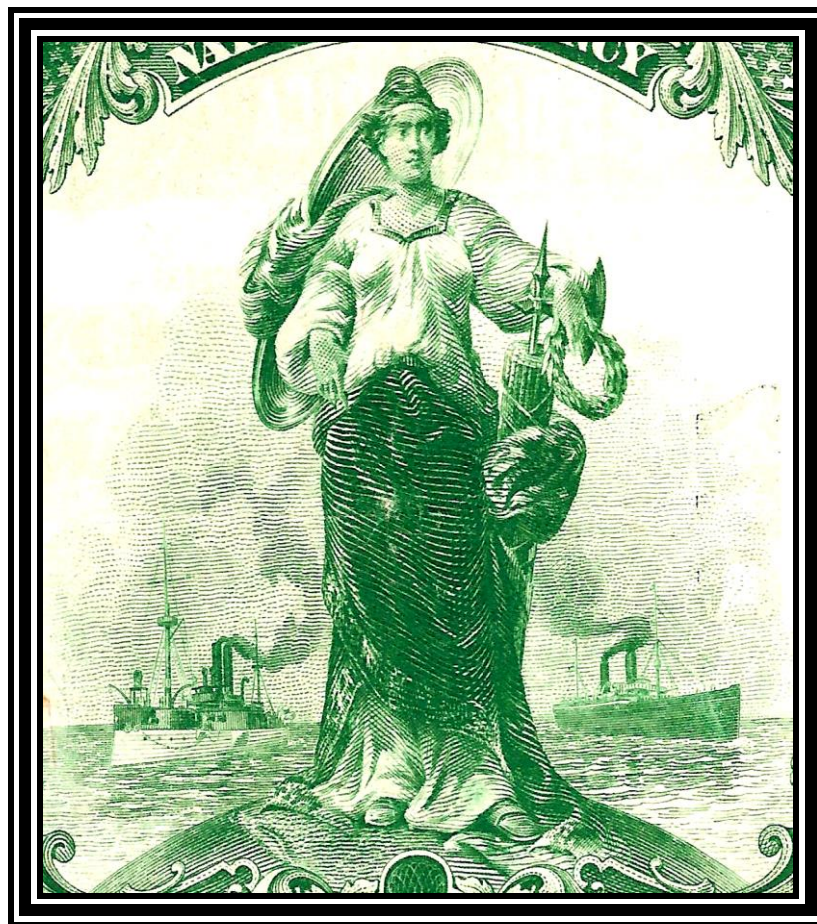
In 1900, he was re-elected president with Teddy Roosevelt as vice president. In 1901, at the Pan American Exposition in Buffalo, New York he was assassinated with two pistol shots from an anarchist, Leon Czolgosz. McKinley died eight days later from a wound infection. He was succeeded by his vice president.

McKinley liked to wear a pink carnation in his lapel. His second inauguration was the first one ever filmed. Major advances during his term were the Gold Standard Act of 1900; the Spanish-American War in 1899, which resulted in the U.S. taking over Cuba, the Philippines, Puerto Rico, Guam and Samoa; the annexation of Hawaii; the end of the long depression of 1873-1896; the open door policy with China; the Dingley tariff bill of 1897 and using pragmatism and compromise to unite and lead the Republican Party.



Vignette of *Panama* on back of \$50 FRN series of 1914, engraved by Marcus Baldwin.

The back of the \$10 third charter note depicts *America on Top of the World*. This picture is reminiscent of the *Panama* vignette on the back of the \$50 FRN. However, in 1902 when this note was first designed, the Panama Canal had not yet been built. Instead, the third charter National Bank Notes showed a vignette of *America on Top of the World*.



Back of \$10 Series of 1902 NBN plain back showing *America Standing on Top of the World*, straddling the Atlantic and Pacific Oceans.



JT 71 \$20 series of 1902 NBN plain back, Merchants National Bank of St. Paul, Fr 654, EF 45, Accession #1202.

The backs of the series of 1902 notes portrayed America standing on top of the world holding a shield behind her and holding fasces and a wreath on her left, signifying war and peace. It looks as though she is standing on a map of North America. There is a ship on the left signifying the control of the Pacific by the U.S. with its new acquisitions. There is also a ship on the right signifying control of the Atlantic and the successful Spanish-American War of 1898.

On 7/24/1872, the Merchants National Bank of Saint Paul was chartered. The First National Bank of Saint Paul (charter # 203) took it over on 3/23/1929. The original bank produced a total issue of \$9,640,200. When the bank closed, only \$500,000 of notes were unredeemed. Only 105 large notes are known from this bank. The \$20 series 1902 plain backs were produced in sheets of \$10-\$10-\$10-\$20. The note is signed by Register of the Treasury Napier and Treasurer of the U.S. McClung. Lilly signed as the president. Kelly values the note at \$300. McCulloch's vignette is by Charles Burt. This is the third issue series of 1902 with blue seal and plain back issued 1916-1929. The back shows the U.S. Congress and the rotunda. The face shows Hugh McCulloch, the first comptroller of the currency, and subsequently secretary of the treasury.

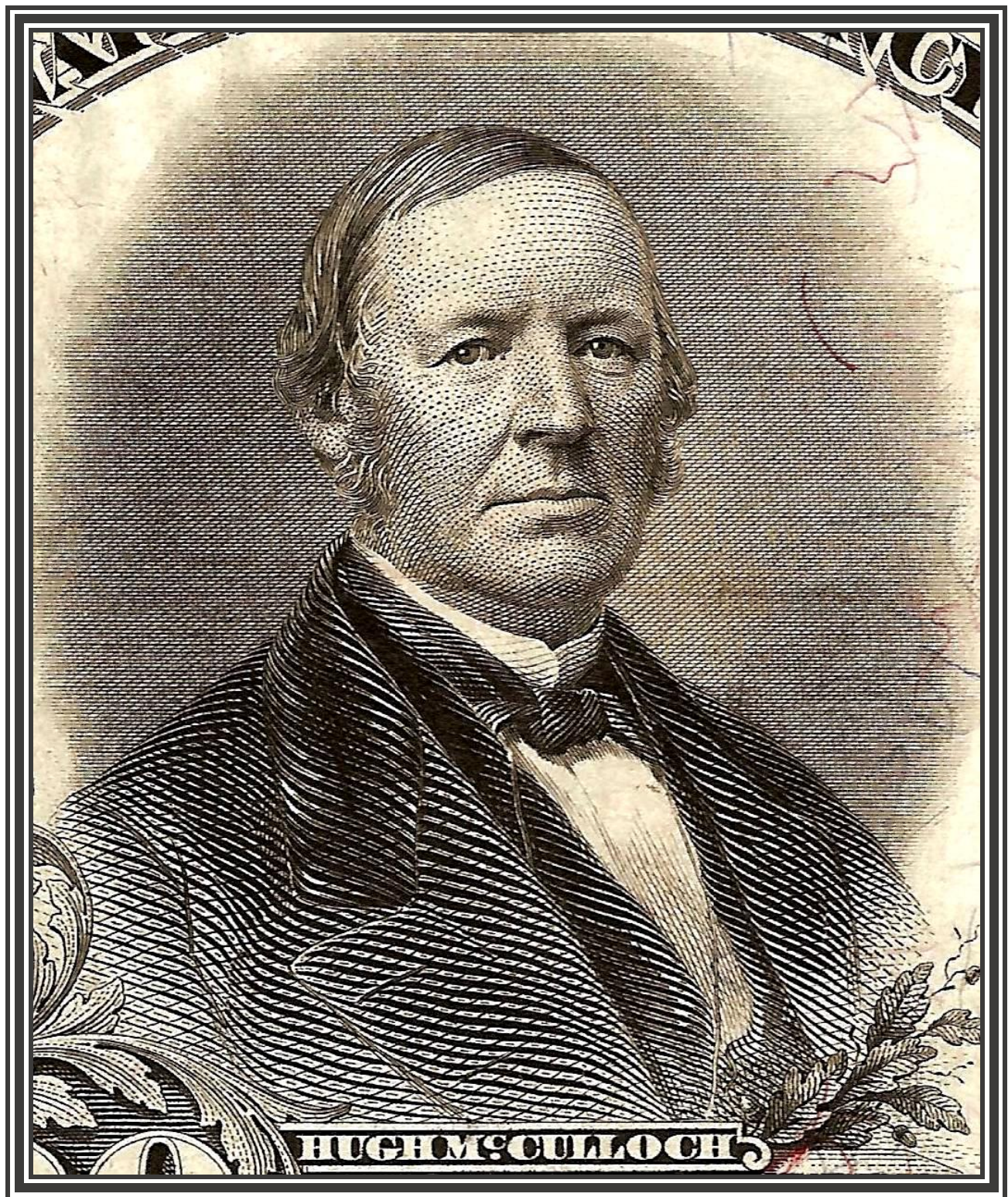
Hugh McCulloch, 1808-1895, was born at Kennebunk, Maine. He went to Bowdoin College and left after two years to study law in Boston, being admitted to the bar in 1832. In 1833 at age 25, he moved to Fort Wayne, Indiana, where he practiced law. In 1835, he became a cashier at the local branch of the Bank of Indiana, rising to be local manager, then president of the Bank of Indiana. In 1833, Indiana was an economic backwater and McCulloch was the ablest mind in the state to run a bank.



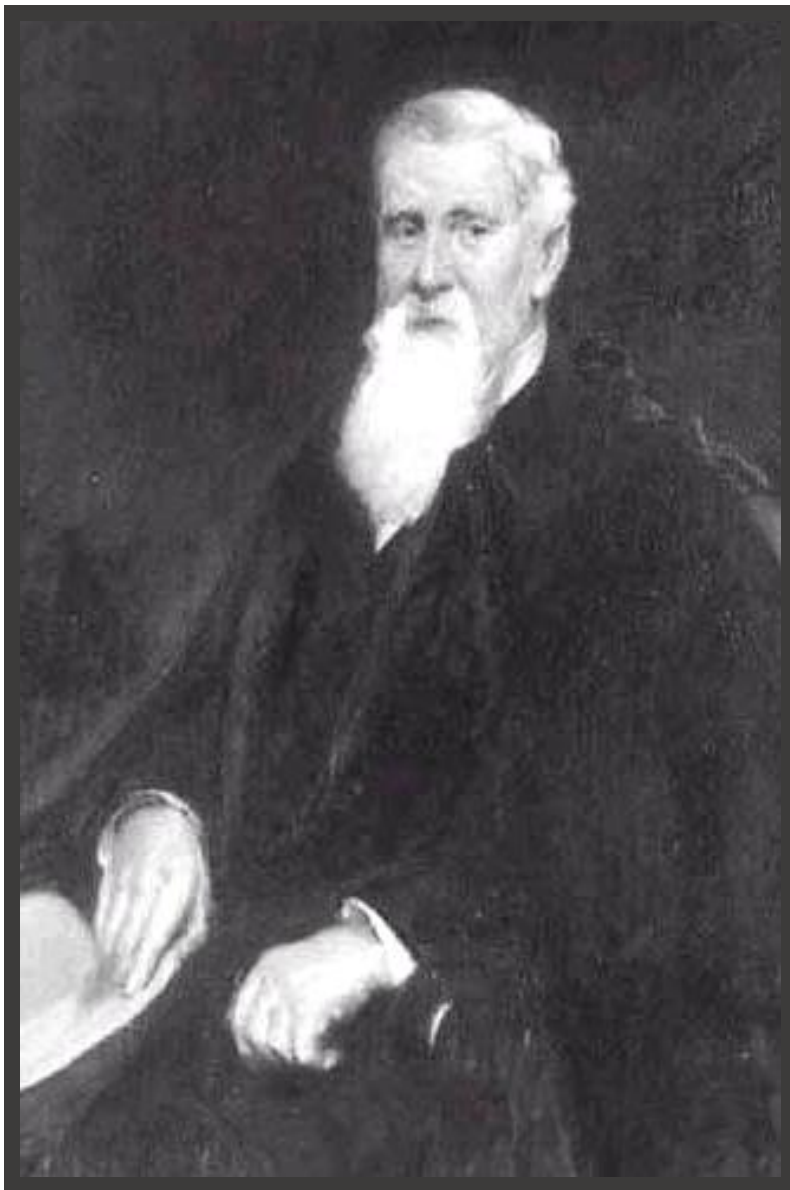
Hugh McCulloch from Library of Congress photo.

In 1862, after 27 years of banking experience, McCulloch travelled to Washington, D.C. as a lobbyist for state banks to oppose the National Banking Act. Nevertheless, Salmon Chase chose him as the first comptroller of the currency in 1863, responsible for putting the National Banking System into effect. When Chase left in 1864, Fessenden took over as secretary of the treasury until Lincoln appointed McCulloch after his second inauguration. McCulloch took over in 1865-1869 and was retained by Democratic President Andrew Johnson after Lincoln's assassination.

McCulloch had a lot of contacts from the old era of state banking. The implementation of the National Banking System was largely McCulloch's doing. After Civil War inflation from printing greenbacks, he advocated returning to the gold standard and suggested retiring legal tender notes to resume specie payment. But this was unpopular with those who had borrowed during the war and who could pay back with devalued notes. Returning to the gold standard would also have restricted the money supply and frustrated western expansion.



Detail of Secretary of the Treasury Hugh McCulloch, engraved by Charles Burt, from \$20 series of 1902 note.



Jay Cooke picture from Tax History Museum.

An act was passed to retire Legal Tender Notes in 1866, but after two years only \$48 million (others say \$82 million) were retired and Congress reversed the act. The total issue of 1861 Demand Notes had been \$60 million, The Legal Tender Acts of 1862 and 1863 authorized \$450 million. So, only 11-18% were retired.

McCulloch's term was over in 1869. In 1870, he spent six years in England in partnership with Jay Cooke. Jay Cooke, a banker, had persuaded Chase (whose first war bond issues would not sell) to allow him as a 'special fiscal agent' to market the 6% war bonds. Cooke networked with a massive sales force to sell \$500 million 6% bonds between 1862 and 1864. Again in 1865, he sold another \$600 million 7.3% bonds in three months. In 1869, Cooke mis-stepped, loaning \$100 million to the Northern Pacific Railroad. He had to close his New York bank. This started the panic of 1873, and wiped out Cooke's fortune.

McCulloch returned to the U.S. in 1876. In 1884 at age 76, he was again appointed secretary of the treasury in Arthur's cabinet for six months. He was still a Gold Bug. He disapproved of coining silver to back Silver Certificates. He died ten years later in 1895 at his home in Maryland.



Back of series of 1902 NBN showing east view of the U.S. Capitol.



East view of Capitol.



JT 72 \$5 National Gold Bank Note, First National Gold Bank of San Francisco, Fr 1136, F12.

On 11/30/1870, the First National Gold Bank of San Francisco was chartered. It had at that time printed only gold bank notes; 376 such notes are known today. The \$5 came in sheets of \$5-\$5-\$5-\$5 with serial numbers 1 to 8250. In 1875 they also produced series of 1875 gold notes. By 1879, there was little purpose in having a gold bank, as all notes passed (by government legislation) at par. Also, reserve requirements were more onerous at 25% and not their usual 15%. So, in 1884, they renamed themselves the First National Bank of San Francisco, but they did not print any gold notes then. On 12/31/1925, they renamed themselves the Crocker First National Bank, taking over the Crocker-Woolworth National Bank of San Francisco.

NGBNs were really as good as gold, so they were treated as having the same value and tended to circulate much more. Most known notes today are heavily circulated, like this one. This note is signed by Register of the Treasury Allison and Treasurer of the U.S. Spinner. The signatures of the cashier and president of the bank are clear but somewhat difficult to read. Notice there is no charter number printed on the note. Charter numbers started to be printed on the notes in 1875, so that series of 1875 gold notes have the charter number 1741 printed on them. The note is valued at \$7,500 by *Paper Money Values*, April 2009. The engraving of the coins on the back was by James Smillie, a relative of G.F.C. Smillie.

In 1929 with small notes, the previous four note sheets switched to 12 note sheets. During the small size era, many underperforming banks were reorganized under the Federal Reserve System. In 1932, the Federal Home Loan Act said that the U.S. bonds that backed NBNs would expire in 1935, i.e. NBNs would have their circulation privileges withdrawn. In 1935, the Treasury resold bonds and put the money into a redemption fund for NBNs. Under the Federal Reserve System, the banks could reorganize without even depositing bonds.



Detail of coins seen on back of all NGBNs. Engraving by James Smillie. Notice the 1871 double eagle as well as a grouping of other gold coins down to \$1.

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GLOSSARY

ABNCo: American Bank Note Company engraved and produced bank notes for states, Union and CSA.

AU: About uncirculated; like CU but with only one or two light folds when held up to the light.

BS: Bowers and Sunderman.

CAGR: Compound annualized growth rate; part of the Gengerke Census predictions.

CGA: Currency Grading and Authentication- a grading service.

Counters: Geometric lathe devices often like discs to express the denomination of a note and tricky to counterfeit.

CSA: Confederate States of America, who fought 1861-1865 against the Union (representing the North).

CU: Crisp uncirculated; no circulation, no folds, bright colors.

EF: Extremely fine; some dealers include heavy folds but I feel there should be no more than three light folds.

F: Fine; extensive circulation, many folds, some heavy, definitely limp and with minor stains or edge tears; getting dirty and not that desirable for collectors unless there are few other examples available.

F or Fr: Friedberg numbers; the commonly used system of classifying U.S. bank notes.

FRBN: Federal Reserve Bank Notes.

FRN: Federal Reserve Notes.

G: Good; ugly & worn, minor bits can be missing, internal and edge tears, limp and dirty. I would only collect this note if there were no other examples available.

JT: Jones type; the simplified 72 types of large size U.S. currency.

LT: Legal tender; actually U.S. Notes but because they were legal tender, they were popularly called legal tender.

NBN: National Bank Notes.

PCGS: Professional Coin Grading Service- a grading company.

PMG: Paper Money Guarantee; a grading company.

SC: Silver Certificate.

Specie: coins worth their weight in copper, silver or gold.

Token: discs of metal designated as worth more than their weight in copper silver or gold.

Union: The North in the Civil War, 1861-1865.

VF: Very fine; more than three light folds and maybe some heavy folds, but still crisp with bright print no tears.

VG: Very good; the note is very soiled, with multiple folds, some edge tears, a lot of wear and does not look pretty; looks dirty and limp.

TIME LINE

- 105 AD: first description of paper making by Cai Lun.
- 800: First paper money, China.
- 1368-1388: Oldest extant paper money- 1,000 cash Ming Dynasty note of mulberry bark paper.
- 1483: Alhambra palace made paper necessity money during Moorish siege; none extant.
- 1600: Yamada Hagaki, Japanese Shintu priest/merchant, issued paper receipts for silver and gold.
- 1633: Oldest extant goldsmith receipt, used as representative money.
- 1661: Stockholm Banco, opened by Johan Palmstruch, backed by gold, folded 1667 from insufficient backing.
- 1685: New France, Jacques de Meulles, Intendant (2nd to governor), paid troops with monnaie de carte.
- 1690: Massachusetts Bay Colony- first colonial state money paid for military expedition to Canada.
- 1694: Bank of England- first paper money in England.
- 1717: U.K. adopts gold standard.
- 1720: South Sea Bubble; financiers of South Sea Co. connived with English government to absorb national debt of 30 million pounds in return for monopoly to trade in South America, including slave trade. Stock increased 10-fold by 1721, South Sea Bubble crashed in 1720, many were ruined.
- 1775: Continental currency printed.
- 1782: Bank of North America in Philadelphia- first U.S. bank chartered by Continental Congress; nation's 1st bank. Continental Congress said banking was a state not federal issue.
- 1791: First Bank of United States- chartered by congress for 20 years. Second 1816-1836.
- 1793: U.S. Mint started bimetallic standard at 15:1: \$1 silver was 24 grams of silver and \$1 gold was 1.6 grams gold.
- 1811: First Bank of United States finishes.
- 1812-1815: War with Britain.
- 1816: Second Bank of United States chartered.
- 1832: Jackson vetoed renewal of Second Bank of United States and put funds into pet banks.
- 1834: Gold reduced to 16:1 ratio with gold at 1.5 grams per dollar.
- 1837: Depression until 1843.
- 1853: Minor U.S. silver coinage debased to 22 grams per \$1 silver.
- 1861: Demand notes accepted on faith, specie payments suspended, Confederate notes printed, beginning of Civil War.
- 1862: Legal tender notes issued.
- 1863: National Banking Act created National Bank Notes, backed by U.S. Bonds; start of fractional currency.
- 1865: Secret Service to control counterfeiters; one third of circulating notes then counterfeit.
- 1868: 14th amendment made all Confederate instruments void and worthless.
- 1872: Income tax repealed.
- 1873: Coinage act, 'Crime of 1873,' stopped full value silver dollar production- last full weight silver coin; de facto gold standard.
- 1873-1896: the Great Depression, now call the long depression occurs; peaks were 1873-1879 and 1893-1896.
- 1875: Resumption Act said legal tender redeemable in specie by 1879. Sundry Appropriations Bill authorized NBN printing, requiring special paper and all notes being printed at BEP with 1875 stamp.
- 1877: Bureau of Engraving and Printing (BEP) started.
- 1878: Silver Certificates started with minting of Morgan Dollars after Bland Allison Act required \$2-4 million a month of silver dollars be produced; resumed 24 gram per dollar silver dollars.

1882: Act authorized National Banks to extend their corporate life for another 20 years; series of 1882 notes.

1890: Sherman Silver Purchase Act increased requirements to 4 ½ million ounces per month purchased for silver dollar production. Congress paid for it with Treasury Notes, redeemable in silver or gold.

1893: Repeal of Sherman Silver Purchase Act because treasury gold reserves were under \$100 million.

1900: Adoption of gold standard in U.S.

1902: Act authorized National Banks to extend corporate life for another 20 years; series of 1902 notes.

1907: Aldrich Vreeland Act passed after financial panic caused by the run on Knickerbocker Trust Co. Series of 1882 date backs have 1882+1908 on the back and series of 1902 have 1902+1908 on the back.

1908-1915: National Banks temporarily expanded money supply.

1913: Federal Reserve Act passed after panics of 1893 and 1907. Fed was the nation's bank to regulate money & credit, operating through twelve reserve banks. Notes were an obligation to the federal government and not each reserve bank. Gold-backed Federal Reserve Notes issued. Act went into practice in 1916 after expiry of Aldrich Vreeland Act.

1915: FRBNs originally intended as a replacement for NBNs, but circulated primarily as emergency replacements of Silver Certificates in 1918-1923 to maintain money supply.

1918: Pittman Act directed the melting of 270 million ounces of silver dollars to create bullion to sell to England, who needed silver to back paper; the act specified 1921 Morgan Dollars and 1921 Peace Dollars.

1922: National Banking Act authorized 99-year extension of corporate life of National Banks.

1927: National Banking Act authorized unlimited corporate life of National Banks.

1929: Small notes- 6.14" x 2.16" (13.26 sq. in.) begun; large size notes were 7.375" x 3.125" (23.05 sq. in.). Wall Street crash with Dow Jones industrial average falling from 381 to 198.

1933: Gold Reserve Act- end of Gold Certificates and private ownership of gold currency, Federal Reserve Notes now redeemable in lawful money, emergency issue of small FRBN's to maintain money supply because of bank failures and money hoarding. Also, the Glass-Steagall Act created the FDIC, which separated investment banks, insurance companies and depository banks; established regulation Q, which prohibited banks from paying interest on checking deposits.

1935: Called all bonds that secured National currency (small sized), effectively ending National Banking System; bonds sold to create redemption fund for NBNs.

1942: North Africa invasion and defense of Hawaii; special currency could be demonetized if fell into enemy hands.

1957: First 'In God We Trust' on small size paper currency.

1963: Off silver standard; end of Silver Certificates.

1990: Security thread and micro-printing begun.

PARTS OF A NOTE



PCGS GRADING STANDARDS

Perfect New 70

The 70 grade is essentially a perfect note. The note is entirely original, with broad, perfectly even margins on all four sides, sharp corners, bright colors, outstanding eye appeal and perfect paper quality with no trace of even the smallest fault. Perhaps only the most modern notes will attain this grade and even then, they will be rare.

Superb Gem New 69

A 69 will be nearly as perfect as a 70, but some very minor fault such as a barely measurable imperfection in the centering or a tiny, almost unnoticeable crinkle in the paper.

Superb Gem New 68

A 68 is as nice and as close to perfection as a 69 but it may have a minor fault, including a tiny handling mark, an edge bump or a very small counting crinkle. Otherwise, a 68 will be flawless, with excellent centering, bold colors, eye appeal and full originality. Despite the presence of trivial flaws, a 68 is an essentially perfect note. It is the highest grade that reasonably can be expected for many series, including most large size notes.

Superb Gem New 67

A 67 is the highest possible grade for many series, as even essentially perfect notes will sometimes reveal a minor fault upon close examination. A 67 should have broad margins with centering that is nearly perfect to the naked eye. The colors and eye appeal should be bold and attractive, and the originality should be unquestionable. Bold embossing (where applicable) must be evident. One or more tiny handling marks may be present, an edge or corner bump may be noted or there may be a tiny counting crinkle, but any fault that is distracting to the naked eye or that detracts from the appearance will prohibit a note from attaining this grade.

Gem New 66

This grade signifies a note that is superior to an average gem note but can't quite reach the superb level because of a minor fault such as a counting crinkle, handling mark or corner bump. A 66 may have terrific centering but not the broad margins of a superb grade, or it may be a broadly margined example that is a slightly off center. A 66 should retain full originality, although the embossing may not be as strong as on a superb gem. The colors and eye appeal should still be well above average.

Gem New 65

A gem note is one that at first glance appears perfect. After examination, however, one or more minor faults may be noticed. Such minor faults may include a counting crinkle, minor edge handling, faint handling marks, finger smudges or minor rounding of the corners. The centering should be well above average, although minor imperfections in the centering are permissible if the margins are broad. Embossing may or may not be present, but notes at this grade will not receive the PPQ label unless fully original. An otherwise superb note that has been pressed or is flat with no embossing may receive a 65 grade without the PPQ modifier. Notes in this and any new grade will have no folds or bends. Although notes at this grade are less than perfect, they are still above average and may appear to the viewer to be pristine.

Very Choice New 64

This is an intermediate grade reserved for notes that are better than choice new but don't quite reach the gem grade. Such notes may have minor faults, such as a few unobtrusive counting marks, ink or handling smudges, a single pinhole or a rounded corner tip. The centering or margins will be better than average but may fall just short of that required for the gem grade. It will still be an above average note, should have good eye appeal and should not have any major blemishes or faults that are readily evident. A note at this grade that receives the PPQ designation may have margins or centering that are slightly narrow or off center but will possess complete originality.

Choice New 63

A choice note is strictly new, with no folds or bends that indicate circulation. The paper quality and eye appeal is slightly above average for the issue and any flaws present will be minor. Imperfect centering is acceptable at this grade level, although any note with severe centering problems (with the design touching the edge at one or more margins) cannot attain this grade. Counting crinkles or handling marks are acceptable, as is a frayed corner or two. One or two pinholes may be

present. No folds or bends may reach into the design, although a light corner bend that does not extend into the design may be present. A note that otherwise appears gem new but has flat paper surfaces may merit this grade. Complete originality is again required for the PPQ designation, although at this grade level some other problem such as poor centering or minor handling will be present.

New 62

A note at this grade is fully new with no folds or bends, although corner folds that do not reach into the design may be present. Counting crinkles and handling marks are acceptable as long as they are not overly distracting. A partial bend or pinch that does not extend through the width of the note may cause it to be designated a 62 or lower. A note with severe centering problems may fall into this grade, as may notes with flat paper surfaces or minor toning.

New 61

Most notes that fall into this grade will do so because of a combination of faults, some of which may be severe. Corner folds not into the design may be present, as may signs of paper toning, handling, counting marks, smudges, pinholes or other problems. A 61 is typically either poorly centered with other minor faults or a technically new note with no folds but with a combination of minor faults that prevent it from attaining a higher grade.

New 60

A 60 note will remain strictly uncirculated with no folds or bends that extend into the design. Notes at this grade typically have one or more significant faults that detract from the note's appearance, such as slight loss of color, paper toning, minor foxing, two or more corner folds, flat and lifeless paper, pinholes or a small staining spot or two. Any note with a major problem is placed into a PCGS Currency Apparent grade holder with the problem described. A note in this grade will be generally unattractive, although it will technically be new or uncirculated.

Choice About New 58

A choice about new 58 note will typically be an apparent choice new or better note, with one or two light corner bends or folds that reach into the design of the note. A light vertical bend down the middle of an otherwise choice new or better note would also qualify for this grade.

Choice About New 55

A note in this grade will appear new at first glance but will have a bent corner or light vertical center fold that keeps it from an uncirculated grade. Two light vertical bends are acceptable as long as the surface of the paper is not broken. More than one light fold or a heavy fold or crease will drop the note into a lower grade.

About New 53

This is an intermediate grade used for notes that are above average for the 50 grade but that don't quite reach the 55 grade. Such a note might have one slightly heavier fold or crease but otherwise have qualities of an uncirculated note or it might have a combination of light bends or corner folds that keep it from a higher about new grade.

About New 50

A 50 note will display one or more light folds that do not detract from overall appearance, two or three light vertical bends if they do not break the surface of the paper or one heavy fold or crease. Two heavy folds or creases will drop the note to a lower grade.

Extremely Fine 45

A note in this grade will typically be bright, fresh, crisp and attractive but with a few light folds, several light bends or several vertical creases. The overall eye appeal is above average and only the slightest soiling may be visible.

Extremely Fine 40

The old standard of 'three folds makes an XF' is applicable here, as a thrice-folded note does indeed usually grade 40. Common sense exceptions must be made, however, as three folds that are exceptionally heavy may drop the note into a lower grade category. Notes with three folds and a couple of other minor light bends or folds may occasionally make it to the 40 grade if the extra folds are light and not obtrusive to the overall appearance. A typical XF note may have several pinholes, but any larger holes would prevent it from reaching this grade.

Very Fine 35

This is a 'just miss' grade, comparable to the grade 'about extremely fine' used by some companies. It represents a note that is very close to an extremely fine 40 but that has one or two minor faults, such as an additional light fold or two that preclude a higher grade. A 35 should have eye appeal that is well above average for a VF note.

Very Fine 30

One or two extra folds on an otherwise extremely fine note lowers an example to this grade level. The paper should remain nearly fully bright and should retain strong crispness. A 30 retains good color and eye appeal and should have no more than a few scattered pinholes.

Very Fine 25

A 25 is basically a 20 that for some reason appears slightly nicer than average or has some (but not enough) claim to being a very fine 30 grade. A 25 typically has bright, solid paper with some signs of light handling or circulation and it may have more folds than are allowed for a higher grade.

Very Fine 20

A very fine 20 note should have plenty of body remaining in the paper, although numerous folds, wrinkles or other signs of circulation may be present. Mild soiling might be apparent but it should not be serious. The paper should remain relatively bright. No tears, stains or other impairments should be readily apparent and the note should still have nice eye appeal. Several minor pinholes may be visible when the note is held to a light. The corners may be slightly frayed or slightly rounded at this grade, but the paper should retain nearly full crispness and there should be little or no loss of color in the design.

Fine 15

This intermediate grade represents a note that has some qualities of a VF note, such as good body or soundness of paper, bright colors or inks or above average eye appeal, but that possesses too many folds or too much evidence of circulation to grade very fine 20. This is a rather common intermediate grade and is often awarded to a fine example that is above average in some respects or just misses the VF grade because of an isolated loss of body at a fold.

Fine 12

A note in this grade resembles most notes that have spent considerable time in circulation. The piece will have lost some of its body, but the paper will still be solid (a limp note will classify at a lower level). The corners may be slightly frayed or rounded and the edges may also be frayed. Pinholes may be readily apparent but none should be large or obtrusive. A few minor edge splits are not uncommon in this grade but they typically will be within the margin and not affect the design. No major stains or tears may be present, although a stray pencil marking or light teller stamp will not affect the grade at this level if they are not dark or obtrusive.

Very Good 10

This is another intermediate grade that designates an above average VG or a just miss note that nearly reaches the fine grade. A very good 10 might often be an otherwise fine example that has a heavy fold or two with isolated soiling or worn areas around it.

Very Good 8

At this grade, a note is heavily worn with slightly rounded corners, frayed edges or slightly rough margins. The paper is intact, however, and no pieces are missing other than an occasional corner tip. A few edge splits may be apparent, although they must not be severe. The note is limp or soiled from circulation and some wallet staining may be visible. No major damage is acceptable at this grade level, however, and any note that has a large hole, stain, tear or missing piece must fall into a lower grade.

Good 6

This grade is assigned when a note has some feature that prevents the full VG grade, such as heavy wear, a small missing piece from the edge, a small internal hole or some combination of minor damage or staining that prevents the very good 8 grade from being assigned.

Good 4

A good note is actually not all that good, as it will be intact but fully limp and lacking in any color, snap or eye appeal. The colors will have typically faded and there may be small edge chips, nicks, margin tears or other problems. Any note with major problems will either fall into an even lower grade or will be given an apparent grade with the problems noted.

About Good 3

This grade note will typically be extremely worn and may be missing small pieces. If any major damage is evident or if there are significant portions of the note missing, a lower grade will be in order.

Fair 2

A note in this grade should be mostly intact but large pieces may be missing, including some in meaningful portions of the design. Holes, stains, tears, splits and other problems will likely be present.

Poor 1

About all that can be expected at this grade level is that the note is still (mostly) in one piece, although it may not be fully complete. Most notes are not collectible by the time they are this low on the grading spectrum, but some rare notes are still quite valuable even when heavily worn and damaged. Most notes at this grade are likely good candidates for skilled restoration.

Engravers of Large Size Federal Notes					
	Jones	Note	Nickname	Vignettes Title and engraver	Original
	Type				Art
1. DEMAND NOTES 1861					
	JT1	1861 \$5	Crawford's Freedom	Crawford's <i>Statue of Freedom</i> , by Owen G. Hanks, Alexander Hamilton, by Luigi Delnoce.	Crawford, Sculptor
	JT2	1861 \$10	Lincoln and Art	Lincoln, by Frederick Girsch. <i>Patriotic Eagle</i> , by Henry Gugler. <i>Allegory of Art</i> , by ?	C.S. German Photo
2. LEGAL TENDER NOTES 1862-1863					
	JT3	1862 \$1	Chase	Salmon P Chase, by Charles Burt.	
	JT4	1862 \$2	Hamilton Sprocket	A. Hamilton, by Luigi Delnoce & Joseph Ourdan.	
	JT5	1862 \$5	Crawford's Freedom	Crawford's <i>Statue of Freedom</i> , by Owen G. Hanks, Alexander Hamilton, by Luigi Delnoce	Crawford, Sculptor
	JT6	1862 \$10	Lincoln and Art	Lincoln, by Frederick Girsch. <i>Patriotic Eagle</i> , by Henry Gugler.	C.S. German, Photo
	JT7	1862 \$20	Liberty Sword & Shield	America, by Alfred Jones.	
3. LEGAL TENDER NOTES 1869 to 1880 issues					
	JT8	1869 \$1	Washington Rainbow	Washington, by Alfred Sealy, Columbus' <i>Discovery of Land</i> , by Joseph Ourdan.	Gilbert Stuart, painting
	JT9	1874-1917 \$1	Washington Sawhorse	Washington, by Alfred Sealy, Columbus' <i>Discovery of Land</i> , by Joseph Ourdan.	Charles Schussele (Columbus)
	JT10	1869 \$2	Jefferson Rainbow	Jefferson, by Charles Burt (Friedberg says Smillie). Back Capitol Scene by Luigi Delnoce & William Chorlton.	
	JT11	1874-1917 \$2	Jefferson Bracelet	Jefferson, by Charles Burt (Friedberg says Smillie).	
	JT12	1869 \$5	Woodchopper Rainbow	Jackson, by Alfred Sealy. Woodchopper correctly <i>Pioneer</i> , by Henry Gugler.	Thomas Sully, painting
	JT13	1875-1907 \$5	Woodchopper	Jackson, by Alfred Sealy. Woodchopper correctly <i>Pioneer</i> , by Henry Gugler.	Thomas Sully, painting
	JT14	1869 \$10	Rainbow Jackass	<i>Introduction of Old World to New</i> , by W.W. Rice. Webster, by Alfred Sealey.	
	JT15	1875-1880 \$10	Jackass	<i>Introduction of Old World to New</i> , by W.W. Rice. Webster, by Alfred Sealey.	
	JT16	1869 \$20	Hamilton Rainbow	Hamilton, by Charles Burt. <i>Standing Liberty</i> , by Alfred Jones.	
	JT17	1875-1880 \$20	Hamilton	Hamilton, by Charles Burt. <i>Standing Liberty</i> , by Alfred Jones.	
4. LEGAL TENDER NOTES issues of 1901 and 1923					
	JT18	1923 \$1	Washington Cogwheel	Washington, by Alfred Sealy.	Gilbert Stuart, painting
	JT19	1901 \$10	Bison	<i>Pablo</i> , by Marcus Baldwin. <i>Lewis and Clark</i> , by GFC Smillie.	
	JT20	1923 \$10	Poker Chip	Jackson, by Alfred Sealy.	
5. INTEREST BEARING NOTES STARTING 1863					
	JT21	1863 \$10	Compound Interest Note	Salmon Chase, by Charles Burt.	
	JT22	1879 \$10	Refunding Certificate	Franklin, by Charles Burt.	Duplessis, painting
6. SILVER CERTIFICATES 1878					
	JT23	1878 \$10	Morris Black back	Morris, by Charles Schlecht.	

	JT24	1878 \$20	Decatur Black back	Decatur, by Charles Schlecht.	
	JT25	1886-91 \$1	Martha	Martha Washington, by Charles Burt.	
	JT26	1886 \$2	Hancock	Hancock, by Charles Schlecht.	
	JT27	1891 \$2	Windom	Windom, by William G. Phillips	
	JT28	1886-91 \$5	Grant Silver Dollar Back	Grant, by Lorenzo Hatch, Back by ?	
	JT29	1886-91 \$10	Hendricks Tombstone	Hendricks, by Charles Schlecht.	
	JT30	1886-91 \$20	Manning	Manning, by Lorenzo Hatch.	
	JT31	1896 \$1	\$1 Educational	<i>History Instructing Youth</i> , by Charles Schlecht. Back, Martha, by Charles Burt. George, by Alfred Sealy.	Will H. Low, designer
	JT32	1896 \$2	\$2 Educational	<i>Science Presenting Steam & Electricity</i> , by GFC Smillie. Fulton by Charles Burt, Morse by Charles Schlecht.	EH Blashfield, designer
	JT33	1896 \$5	\$5 Educational	<i>Electricity Presenting Light to the World</i> , by GFC Smillie. Back, Grant & Sheridan, by Lorenzo Hatch.	Walter Shirlaw, designer
	JT34	1899 \$1	Black Eagle	<i>Eagle of Capitol</i> , by GFC Smillie	
	JT35	1899 \$2	Washington in oval	<i>Washington between Mechanics and Agriculture</i> , by GFC Smillie.	
	JT36	1899 \$5	Oncpapa / Indian Chief	Running Antelope, by GFC Smillie.	
	JT37	1923 \$1	Horse blanket	Washington, by Alfred Sealy.	Gilbert Stuart, painting
	JT38	1923 \$5	Porthole	Lincoln, by Charles Burt. Back, <i>Great Seal of the U.S.</i> , by Robert Ponickau.	
7. GOLD CERTIFICATES Although technically started in 1863, only really circulated 1882					
	JT39	1882 \$20	Garfield/Ocean Telegraph	James Garfield, by Charles Burt. <i>Ocean Telegraph</i> , by George D. Baldwin.	
	JT40	1882 \$50	Silas Wright	Silas Wright, by Charles Burt.	Alonzo Chappel painting
	JT41	1882 \$100	Benton	Thomas H. Benton, by Charles Burt.	
	JT42	1907 \$10	Hillegas	Hillegas, by GFC Smillie.	Archambault painting
	JT43	1905 \$20	Technicolor	Washington, by Alfred Sealy. Back, <i>Great Seal of the U.S.</i> , by Robert Ponickau.	Gilbert Stuart, painting
	JT44	1913\$50	Grant	Grant, by GFC Smillie.	
	JT45	1915 \$10,000	Franklin	Benjamin Franklin, by Charles Burt.	Duplessis, painting
8. COIN OR TREASURY NOTES 1890					
	JT46	1890 \$1	Stanton/Ornate Back	E.M. Stanton, by Charles Burt.	
	JT47	1890 \$2	McPherson/Ornate Back	Gen J.B. McPherson, by Charles Burt.	
	JT48	1890 \$5	Thomas/ Ornate Back	George H.Thomas, by Lorenzo Hatch.	
	JT49	1890 \$10	Sheridan/Ornate Back	Gen Sheridan, by Lorenzo Hatch. Ornate back, by William G. Phillips.	
	JT50	1890 \$20	Marshall/Ornate Back	Marshall, by Charles Schlecht.	
9. FEDERAL RESERVE NOTES 1914					
	JT51	1914 \$5	Lincoln	Lincoln, by CharlesBurt. Back, <i>Columbus Discovery of Land</i> , by Joseph Ourdan. <i>Landing of Pilgrims</i> , Charles Burt.	Anthony Berger, Photo

	JT52	1914 \$10	Jackson	Jackson, by Alfred Sealy. Back, <i>Agriculture and Manufacture</i> , by Marcus Baldwin.	Thomas Sully, painting
	JT53	1914 \$20	Cleveland	Cleveland, by GFC Smillie. Back, <i>Land Sea and Air</i> , by Marcus Baldwin	
	JT54	1914 \$50	Grant	Grant, by John Eissler. Back, <i>Panama</i> by Marcus Baldwin	
	JT55	1914 \$100	Franklin Art Back	Franklin, by Marcus Baldwin. Back, five allegorical figures by GFC Smillie.	Kenyon Cox, drawing
10. FEDERAL RESERVE BANK NOTES 1915					
	JT56	\$1	Green Eagle	<i>Eagle with Flag</i> , by Robert Ponickau	
	JT57	\$2	Battleship	Jefferson, by Charles Burt. Back, <i>Battleship New York</i> , by Charles M. Chalmers.	
	JT58	\$5	Lincoln	Lincoln, by Charles Burt. Back, <i>Columbus Discovery of Land</i> , by Joseph Ourdan. Landing of Pilgrims, Charles Burt.	Anthony Berger, Photo
	JT59	\$10	Jackson	Jackson, by Alfred Sealy. Back, <i>Agriculture and Manufacturing</i> , by Marcus Baldwin.	Thomas Sully, painting
	JT60	\$20	Grant	Cleveland, by GFC Smillie. Back, <i>Land Sea and Air</i> , by Marcus Baldwin.	
11. NATIONAL BANK NOTES 1863					
	JT61	\$1 First Charter	Ace	<i>Concordia</i> , by Charles Burt. <i>Landing of Pilgrims</i> by Charles Burt (from drawing by Edwin White).	Theodore Liebler (Concordia)
	JT62	\$2 First Charter	Lazy Deuce	<i>Stars and Stripes</i> , by Luigi Delnoce.	
	JT63	\$5 First Charter	Columbus	<i>Columbus in Sight of Land</i> , by Charles Fenton, <i>America Presented to Old World</i> , by Charles Burt. Back, <i>Landing of Columbus</i> , by Luigi Delnoce.	John Vanderlyn, painting
	JT64	\$10 First Charter	Desoto	<i>Franklin & Electricity</i> , by Alfred Jones. <i>America Seizing Lightning</i> , by Charles Burt. Back, <i>Desoto Discovering Mississippi</i> , by Frederick Girsch.	William H. Powell, painting
	JT65	\$20 First Charter	Pocahontas	<i>Battle of Lexington</i> , Charles Burt, <i>Loyalty</i> , by Luigi Delnoce. Back, <i>Baptism of Pocahontas</i> by Charles Burt.	John Gadsby, painting
	JT66	\$5 2nd Charter	Garfield	<i>James Garfield</i> , by Lorenzo Hatch.	Edward Bierstadt, design
	JT67	\$10 Second Charter	Franklin and Liberty	<i>Franklin & Electricity</i> , by Alfred Jones, <i>America Seizing Lightning</i> , by Charles Burt.	
	JT68	\$20 Second Charter	Lexington and Columbia	<i>Battle of Lexington</i> , by Charles Burt, <i>Loyalty</i> , by Luigi Delnoce.	
	JT69	\$5 Third Charter	Harrison	Harrison, by ?. Back, <i>Landing of Pilgrims</i> , by Charles Burt	
	JT70	\$10 Third Charter	McKinley	McKinley, by GFC Smillie, Back, <i>America on Top of the World</i> .	
	JT71	\$20 Third Charter	McCulloch	McCulloch, ? by Charles Burt. Back, <i>America and Capitol</i> .	
	JT72	\$5 gold National	Gold Coin Back	<i>Columbus in Sight of Land</i> , by Charles Fenton, <i>America Presented to Old World</i> , by Charles Burt. Back, <i>Coins</i> by James Smillie	

LIST OF NOTES, ACCESSION NUMBERS AND SUBJECTS

Jones Type is listed first. **Red indicates widely used nicknames.** Accession numbers follow. Subjects dealt with are in capitals.

1. DEMAND NOTES 1861

JT1 1861 \$5 Demand (Crawford's Freedom) #1111 -----CRAWFORD'S STATUE
JT2 1861 \$10 Demand (Lincoln and Art) #1490 -----ALLEGORY OF PAINTING

2. LEGAL TENDER NOTES 1862-3

JT3 1862 \$1 **Chase** #1231 -----SALMON CHASE
JT4 1862 \$2 Hamilton **Sprocket** #1389 -----ALEXANDER HAMILTON
JT5 1862 \$5 Hamilton #1101
JT6 1862 \$10 Lincoln #1379
JT7 1862 \$20 Liberty Sword and Shield #1546 -----LIBERTY WITH SWORD AND SHIELD

3. LEGAL TENDER NOTES 1869 to 1880 issues

JT8 1869 \$1 Washington **Rainbow** #1237-----GEORGE WASHINGTON
JT9 1874 – 1917 \$1 Washington **Sawhorse** #965
JT10 1869 \$2 Jefferson **Rainbow** #1483 -----THOMAS JEFFERSON
JT11 1874 – 1917 \$2 Jefferson **Bracelet** #1230
JT12 1869 \$5 Jackson **'Rainbow** #1378 -----WOODCHOPPER
JT13 1875 – 1907 \$5 Jackson **Woodchopper** #1205
JT14 1869 \$10 **Rainbow** Jackass #1380 -----JACKCKASS
JT15 1875 – 1880 \$10 **Jackass** #992 -----WEBSTER
JT16 1869 \$20 Hamilton **Rainbow** #1486 -----AMERICAN LIBERTY STANDING
JT17 1875 – 1880 \$20 Hamilton #967

4. LEGAL TENDER NOTES issues of 1901 and 1923

JT18 1923 \$1 Washington **Cogwheel** #1229
JT19 1901 \$10 **Bison** #1308 -----BISON/LEWIS AND CLARK
JT20 1923 \$10 Jackson **Poker Chip** #1423 -----JACKSON

5. INTEREST BEARING NOTES STARTING 1863

JT21 1863 \$10 Compound Interest Note #1513
JT22 1879 \$10 Franklin #1491 -----FRANKLIN

6. SILVER CERTIFICATES 1878 -----SILVER HISTORY

JT23 1878 \$10 **Morris** Black back #1465 -----ROBERT MORRIS
JT24 1878 \$20 **Decatur** Black back #1492 -----STEVEN DECATUR
JT25 1886-91 \$1 **Martha** Washington #1036 -----MARTHA WASHINGTON
JT26 1886 \$2 **Hancock** #1441 -----WINFIELD SCOTT HANCOCK
JT27 1891 \$2 **Widon** #1295 -----WILLIAM WIDON
JT28 1886-91 \$5 Grant **Silver Dollar Back** #1394 -----ULYSSES S GRANT
JT29 1886-91 \$10 Hendricks **Tombstone** #1388 -----THOMAS HENDRICKS
JT30 1886-91 \$20 **Manning** #1351 -----DANIEL MANNING
JT31 1896 \$1 **Educational** History instructing Youth #1543 -----MULTIPLE
JT32 1896 \$2 **Educational** Science presenting steam & electricity #990 -----FULTON AND MORSE

JT33	1896	\$5	Educational	electricity dominating the world #1137—ELECTRICITY AND 1893 COLUMBIAN EXPOSITION AND COMSTOCK
JT34	1899	\$1	Black Eagle	#966 -----BLACK EAGLE
JT35	1899	\$2	Washington in oval	#989
JT36	1899	\$5	Oncapa or Indian Chief	#1459 -----RUNNING ANTELOPE
JT37	1923	\$1	Washington	Horse Blanket #829
JT38	1923	\$5	Porthole	#1390 -----LINCOLN

7. GOLD CERTIFICATES Although started technically in 1863, only really circulated 1882

JT39	1882	\$20	Garfield Ocean Telegraph	#1352 -----JAMES GARFIELD/OCEAN TELEGRAPH
JT40	1882	\$50	Silas Wright	#1461 -----SILAS WRIGHT
JT41	1882	\$100	Benton	#1400 -----THOMAS BENTON
JT42	1907	\$10	Hillegas	#993 -----MICHAEL HILLEGAS
JT43	1905	\$20	Washington	Technicolor #994
JT44	1913	\$50	Grant	#1422
JT45	1915	\$10,000	Franklin	#1479 ---1935 TREASURY FIRE/GOLD/DEPRESSION/ WALL STREET CRASH

8. COIN OR TREASURY NOTES 1890

JT46	1890	\$1	Stanton	Ornate Back #1035 -----EDWIN STANTON
JT47	1890	\$2	Mcperson	Ornate Back #1489 -----JAMES MCPHERSON
JT48	1890	\$5	Thomas	Ornate Back #1391 -----GEORGE THOMAS
JT49	1890	\$10	Sheridan	Ornate back #1392 -----PHILIP SHERIDAN
JT50	1890	\$20	Marshall	Ornate back #1395 -----JOHN MARSHALL

9. FEDERAL RESERVE NOTES 1914 -----FEDERAL RESERVE SYSTEM

JT51	1914	\$5	Lincoln	#995 -----PILGRIMS
JT52	1914	\$10	Jackson	#996-1914 -----ECONOMICS/AGRICULTURE&MFRTING
JT53	1914	\$20	Cleveland	#997 -----CLEVELAND/LAND SEA AIR TRANSPORT
JT54	1914	\$50	Grant	#1407 -----PANAMA CANAL
JT55	1914	\$100	Franklin	#1398 -----ART BACK

10. FEDERAL RESERVE BANK NOTES 1915

JT56	\$1	Green Eagle	#998 -----GREEN EAGLE
JT57	\$2	Battleship	#1089 -----BATTLESHIP USS NEW YORK
JT58	\$5	Columbus and Pilgrims	#1034
JT59	\$10	Agriculture and Manufacturing	#1520
JT60	\$20	Land Sea and Air Transport	#1494

11. NATIONAL BANK NOTES 1863 -----NATIONAL BANKING SYSTEM

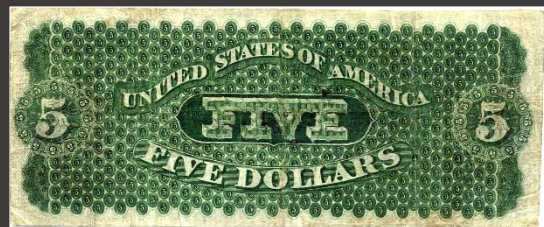
JT61	\$1	Orig/1875 Series	Ace	Concordia/LandingPilgrims #1155 -----CONCORDIA
JT62	\$2	Orig/1875 Series	Lazy Deuce	#1256 -----SIR WALTER RALEIGH
JT63	\$5	Orig/1875 Series	Columbus plus Princess/ Columbus Landing	#1331 -----COLUMBUS
JT64	\$10	Orig/1875 Series	Franklin + Liberty/Desoto sees Mississippi	#1273 --DE SOTO
JT65	\$20	Orig/1875 Series	Lexington Columbia/Pocahontas Baptism	#1482 -----POCAHONTAS
JT66	\$5	Series of 1882	Garfield. Brown back example	#1257 -----2 ND &3 RD NBNS
JT67	\$10	Series of 1882	Franklin plus liberty. Value back example	#1512
JT68	\$20	Series of 1882	Lexington Columbia. Date back example	#1258 --LEXINGTON
JT69	\$5	Series of 1902	Harrison	#1200 -----HARRISON
JT70	\$10	Series of 1902	McKinley	#1201 -----MCKINLEY
JT71	\$20	Series of 1902	McCulloch	#1202 -----MCCULLOCH

JT72 \$5 National Gold Bank Note NGBN. Coin back #1272 -----**NGBNs**

Of these 72 type notes, 48 have popular nicknames.



JT1 \$5 Demand Note 1861 Fr 3 CGA F15



JT4 Hamilton \$2 Legal Tender 1862 Fr 41 VF 20



JT2 \$10 Demand Note 1861 Fr 6 VF net F12



JT5 \$5 Legal Tender 1862 Fr 62 EF 45



JT3 2nd Issue Legal Tender \$1 1862 Fr 17a VF30



JT6 \$10 Legal Tender 1863 Fr 95a F 12





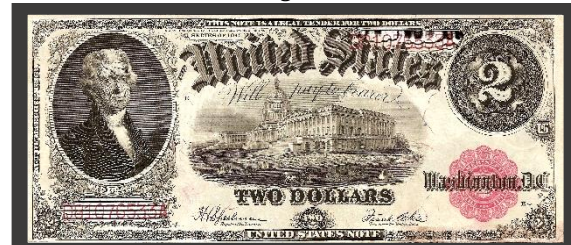
JT7 \$20 Legal Tender 1862 Fr 125 PCGS VF30



JT10 \$2 Rainbow Legal Tender Fr 42 VF 30



JT8 \$1 Rainbow 1869 Fr 18 AU 50



JT11 \$2 Legal Tender Bracelet 1874-1915 Fr 60 AU 55



JT9 \$1 Sawhorse 1874-1917 Fr 36 EF 45



JT12 \$5 Rainbow Woodchopper 1869 Fr 64 CU 64



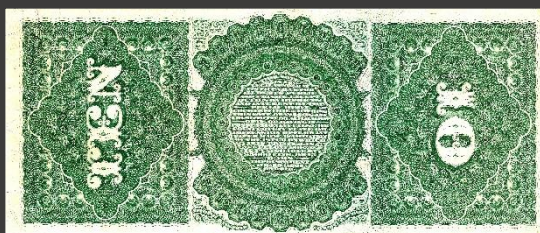
JT13 \$5 Wood Chopper 1875-1907 Fr 91 AU 58



JT16 \$20 Legal Tender Rainbow 1869 Fr 127 VF 25



JT14 \$10 Rainbow Jackass 1869 Fr 96 AU 50



JT17 Legal Tender Hamilton 1875-1880 Fr 143 VF 20



JT15 \$10 Legal Tender Jackass 1875-1880 Fr 111 EF 40



JT18 Legal Tender Cogwheel 1923 Fr 40 VF 30





JT19 Legal Tender Bison 1901 Fr 122 VF 30



JT20 Legal Tender Poker Chip 1923 Fr 123 VF 20



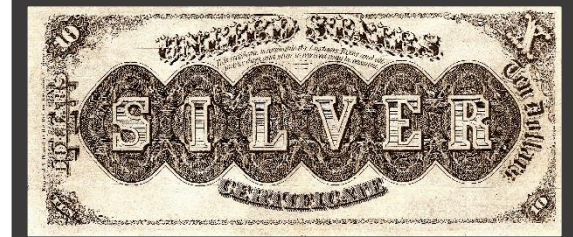
JT21 Cmpd. Int. Treas. Note 1864 Fr 190b PMG 20



JT22 Refunding Certificate 1879 Fr 214 EF 45



JT23 Morris Black Back Silver Cert 1880 Fr 289 AU 50



JT24 Black Back \$20 Silver Cert. 1880 Fr 309 F 15





JT25 Martha \$1 Silver Cert. 1891 Fr 223 EF 45



JT28 Silver Dollar Back \$5 Silver Cert. Fr 260 VF 20



JT26 Hancock \$2 Silver Cert. 1886 Fr 243 CGA 45



JT29 Hendricks \$10 Ag. Cert. 1908 Fr 303 VF20



JT27 Windom \$2 Silver Cert. 1891 Fr 246 EF 40



JT30 Manning \$20 Silver Cert. 1891 Fr 318 VF 20





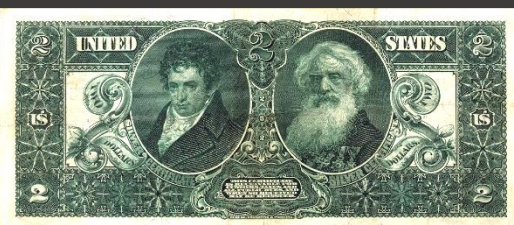
JT31 \$1 Educational Silver Cert. 1896 Fr 224 EF 40



JT34 \$1 Silver Cert. 1899 Black Eagle Fr 230 VF 30



JT32 \$2 Educational Silver Cert. 1896 Fr 248 VF 30



JT35 \$2 Silver Cert. 1899 Washington Oval Fr 258 EF45



JT33 \$5 Educational Silver Cert. 1896 Fr 269 VF30



JT36 \$5 Silver 1899 Indian Chief Fr 281 VF 35





JT37 \$1 Silver Cert. 1923 Cogwheel Fr 237 EF 40



JT40 \$50 Gold Cert. 1882 Silas Wright Fr 1197 F15



JT38 \$5 Silver Cert. 1923 Porthole Fr 282 VF 30



JT41 \$100 Gold Cert. 1882 Benton Fr 1215 VF20



JT39 \$20 Gold Cert. 1882 Garfield/Ocean Fr 1178 EF40



JT42 \$10 Gold Cert. 1922 Hillegas Fr 1173 EF 45





JT43 \$20 Gold Cert. 1905 Technicolor Fr 1179 F15



JT44 \$50 Gold Cert. 1922 Fr 1200 VF 25



JT45 \$10,000 Gold Cert. 1900 Fr 1225 CU 62



JT46 \$1 Treas. Note 1890 Stanton Ornate Fr 347 EF 45



JT47 \$2 Treas. Note 1890 McPherson Ornate Fr 353 VF30



JT48 \$5 Treas. Note 1890 Thomas Ornate Fr 361 VF 20



JT49 \$10 Treas. Note 1890 Sheridan Ornate Fr 366 VF 20



JT52 \$10 Federal Reserve Note 1914 Fr 911c AU 50



JT50 \$20 Treas. Note 1890 Marshall Ornate Fr 374 VF 30



JT53 \$20 Federal Reserve Note 1914 Fr 969 AU 55



JT 51 Federal Reserve Note 1914 \$5 Fr 851A EF 40



JT54 \$50 Federal Reserve Note 1914 Fr 1039B VF 30



JT55 \$100 Federal Reserve Note 1914 Fr 1098 VF 30



JT56 \$1 FRBN 1915 Green Eagle Fr 728 EF 40



JT57 \$2 FRBN 1915 Battleship Fr 752 AU 50



JT58 \$5 FRBN 1915 Fr 804 EF 40



JT59 \$10 FRBN 1915 Fr 813 VF 20



JT 60 \$20 FRBN 1915 Fr 823 F 15



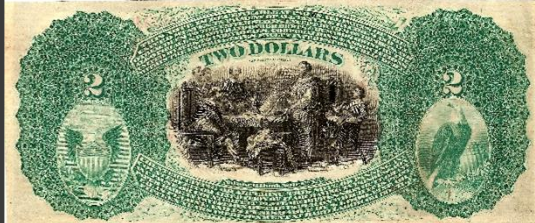
JT61 \$1 Ace 1st Charter NBN 1865 Fr 380 VF 20



JT 64 \$10 1st Charter NBN Fr 412 VF 20



JT62 \$2 1st Charter NBN Lazy Deuce Fr 387 EF40



JT 65 \$20 1st Charter NBN Fr 435 VF 30



JT63 \$5 1st Charter NBN 1875 Fr 404 EF 40



JT66 \$5 2nd Charter NBN Brown Back Fr 467 EF 40





JT67 \$10 2nd Charter NBN Value Back Fr 577 VF 20



JT70 \$10 3rd Charter NBN Date Back Fr 618 VF30



JT68 \$20 2nd Charter NBN Date Back Fr 552 PCGS CU 62



JT71 \$20 3rd Charter NBN Plain Back Fr 654 EF 45

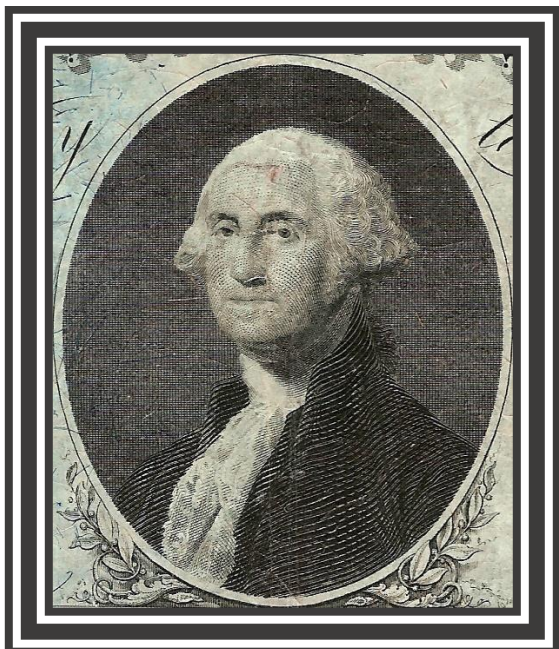


JT69 \$5 3rd Charter NBN Plain Back Fr 598 EF 40

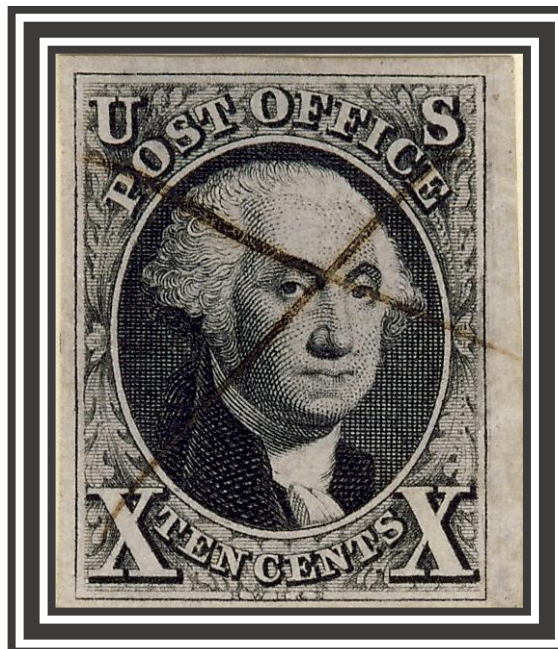


JT72 \$5 NGBN Fr 1136 F12

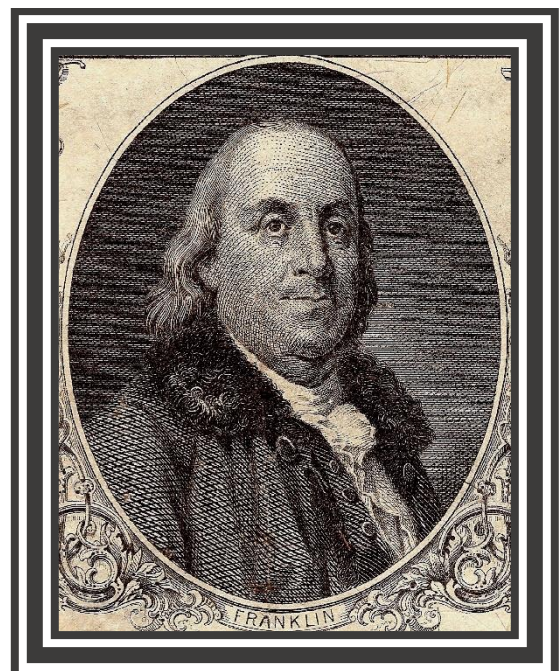




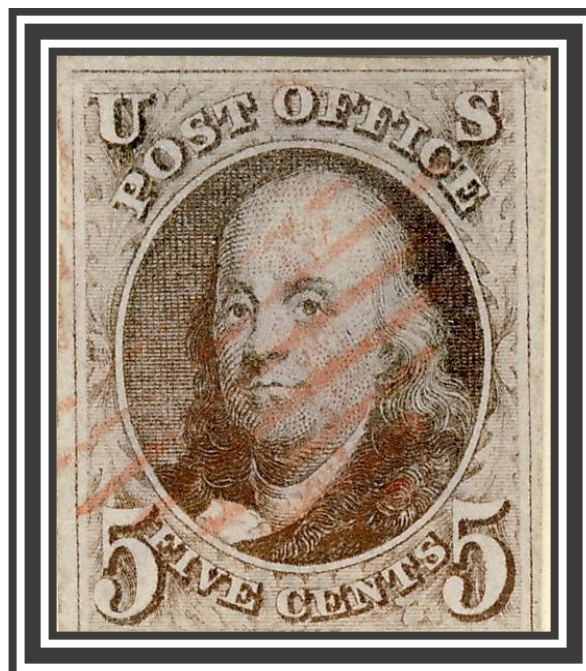
Washington from \$1 Rainbow Legal Tender Note



1847 Ten Cent Stamp



Franklin from \$10 Refunding Certificate



1847 Five Cent Stamp

Some of the images illustrating this book were used on stamps as well as currency. The same banknote companies were employed by the U.S. government from 1847 to 1894 to engrave and print the nation's postage stamps. For example, above are two images from the stamp collection of Chuck Bianchi. These were the first two U.S. postage stamps issued in 1847. They were engraved and printed by Rawdon, Wright, Hatch & Edson in New York City. This firm was consolidated with six other bank note companies in 1857 to form The American Bank Note Company.

LISTING OF FIRST CHARTER BACKS DEPICTING ROTUNDA PAINTINGS

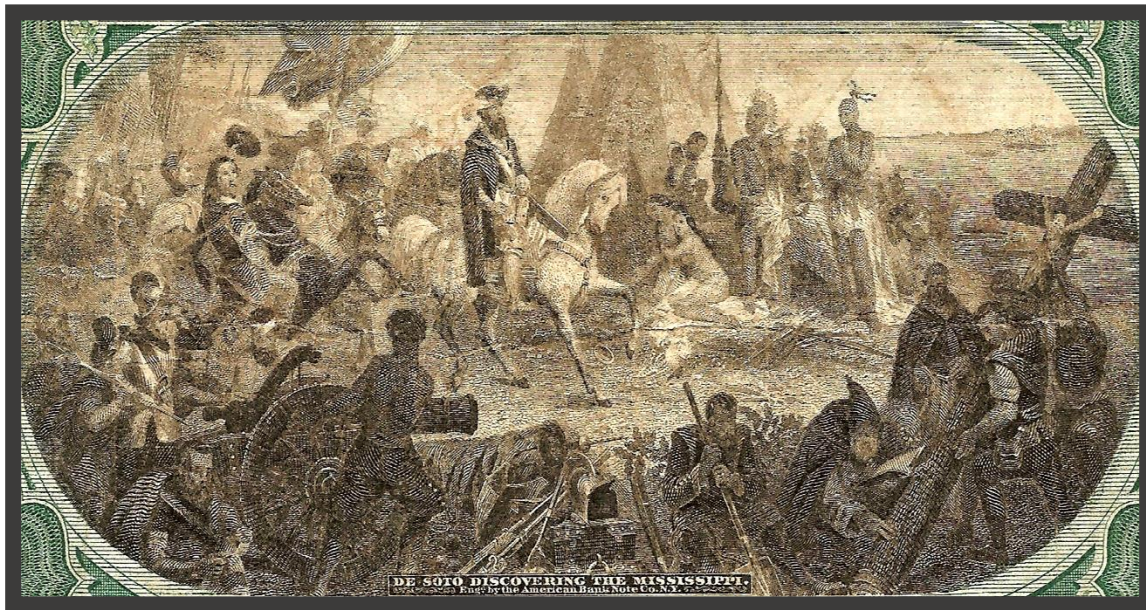


Landing of Columbus by Luigi Delnoce on the back of a \$5 NBN.



Landing of Columbus by John Vanderlyn. Commissioned in 1836, placed in the Capitol Rotunda in 1847.

Christopher Columbus is shown landing on an island that the natives called Guanahani and he named San Salvador, on October 12, 1492. He raises the royal banner, claiming the land for Isabella and Ferdinand. Standing bareheaded, his hat is at his feet, in honor of the sacredness of the event. The captains of the *Niña* and *Pinta* follow. The crew displays a range of emotions, some searching for gold in the sand. Natives watch from behind a tree.

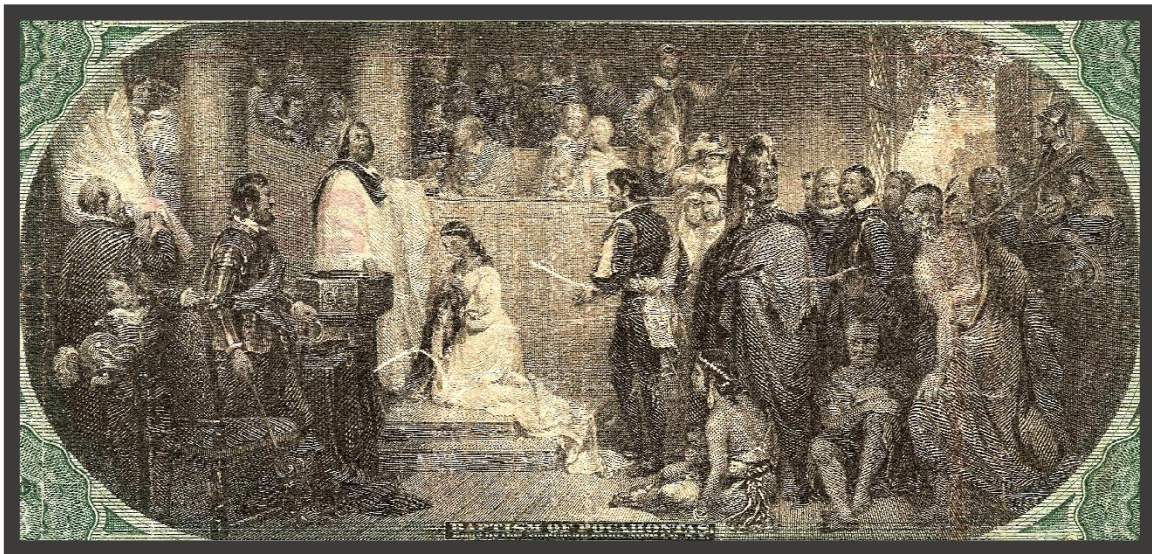


Detail of the back of a \$10 NBN *De Soto Discovering the Mississippi* by Frederick Girsch.



***Discovery of the Mississippi* by William H. Powell. Commissioned in 1847, bought in 1855 for the Capitol Rotunda.**

Spanish conqueror and explorer Hernando DeSoto, riding a white horse, saw the Mississippi River in 1541. As he and his troops approach, the Native Americans in front of their tepees watch and a chief holds out a peace pipe. In the foreground is a jumble of weapons and soldiers, suggesting the attack they had suffered shortly before. To the right, a monk prays as a crucifix is set in the ground.



Baptism of Pocahontas by Charles Burt from the back of a \$20 National Bank Note.



Baptism of Pocahontas by John Gadsby Chapman. Commissioned in 1837, placed in the Capitol Rotunda in 1840.

John Gadsby Chapman depicted Pocahontas, wearing white, being baptized Rebecca by Anglican minister Alexander Whiteaker in Jamestown, Virginia. This event is believed to have taken place in 1613 or 1614. She kneels, surrounded by family members and colonists. Her brother Nantequaus turns away from the ceremony. The baptism took place before her marriage to Englishman John Rolfe, who stands behind her. Their union is said to be the first recorded marriage between a European and a Native American. The scene symbolizes the belief of Americans at the time that Native Americans should accept Christianity and other European ways.

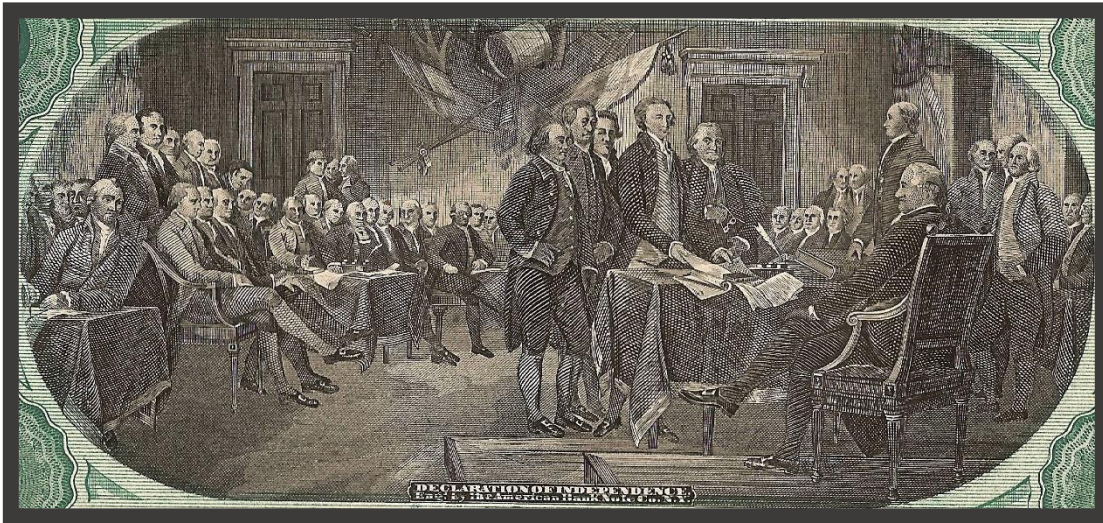


***Embarkation of the Pilgrims* by WW Rice from the back of a \$50 National Bank Note. Courtesy of Heritage Auctions, and HA.com.**



***Embarkation of the Pilgrims* by Robert Weir from the Capitol Rotunda. Commissioned in 1837, placed in the Capitol Rotunda in 1844.**

Protestant pilgrims are shown on the deck of the *Speedwell* before their departure for the New World from Delft Haven, Holland, on July 22, 1620. William Brewster, holding the Bible and Pastor John Robinson lead Governor Carver, William Bradford, Miles Standish and their families in prayer. The prominence of women and children suggests the importance of the family in the community. At the left side of the painting is a rainbow, which symbolizes hope and divine protection. In the foreground are arms and armor, for use against the dangers of the New World, lying beside a screw that later saved the *Mayflower* from disaster at sea.



***Declaration of Independence* by Frederick Girsch, from the back of a \$100 National Bank Note.**



***Declaration of Independence* by John Trumbull. Commissioned in 1817, placed in the Capitol Rotunda in 1826.**

This painting depicts the moment on June 28, 1776, when the first draft of the Declaration of Independence was presented to the Second Continental Congress. It is not, as often called, the signing of the Declaration of Independence. Less than a week later, on July 4, 1776, the colonial delegates signed the Declaration, setting a milestone in American history.

In the central group in the painting, Thomas Jefferson, the principal author of the Declaration, is shown placing the document before John Hancock, president of the Congress. With him stand the other members of the committee that created the draft: John Adams, Roger Sherman, Robert Livingston and Benjamin Franklin. This event occurred in the Pennsylvania State House, now Independence Hall, in Philadelphia. The painting includes portraits of 42 of the 56 signers and 5 other patriots. The artist sketched the individuals and room from life.

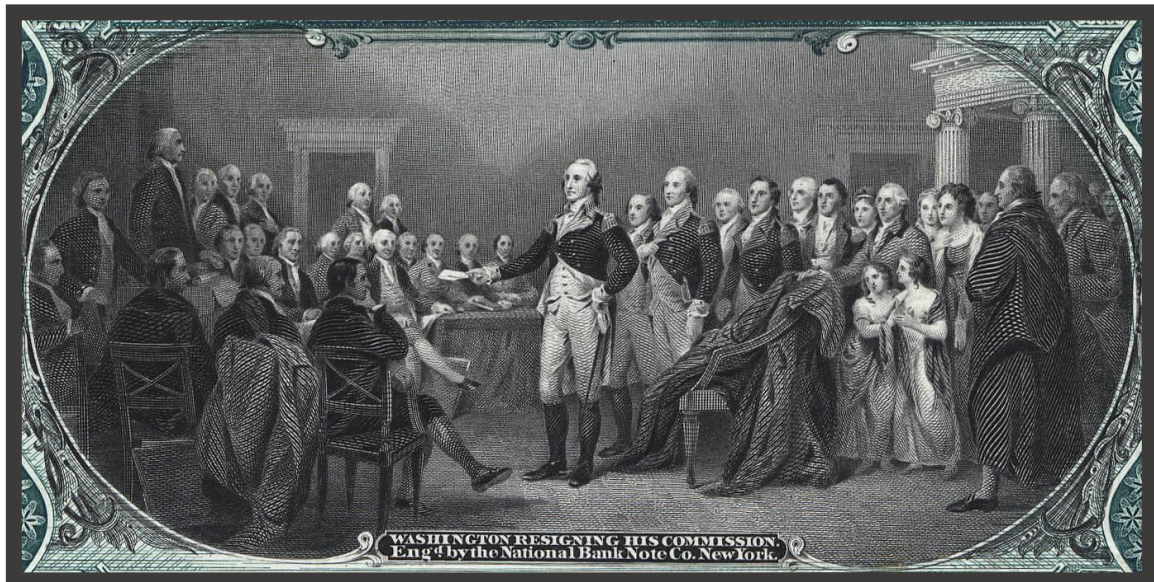


***Surrender of General Burgoyne* by Frederick Girsch, from the back of a \$500 National Bank Note. Courtesy of Heritage Auction and HA.com.**



***Surrender of General Burgoyne* by John Trumbull. Commissioned in 1817, placed in the Capitol Rotunda in 1826.**

The scene of the surrender of the British General Burgoyne at Saratoga, New York, on October 17, 1777, was a turning point in the Revolutionary War that prevented the British from dividing New England from the rest of the colonies. The central figure is the American General Horatio Gates, who refuses to take the sword offered by General Burgoyne, and, treating him as a gentleman, invites him into his tent. All of the figures in the scene are portraits of specific officers.



***General George Washington Resigning His Commission* by Frederick Girsch, from back of \$1,000 National Bank Note. Courtesy of Heritage Auctions and HA.com.**



***General George Washington Resigning His Commission* by John Trumbull. Commissioned 1817, placed in the Capitol Rotunda in 1824.**

On December 23, 1783, General George Washington resigned his commission as Commander-in-Chief of the army to Congress, which was meeting at the Maryland State House in Annapolis. This action was of great significance in establishing civilian rather than military rule and led to democracy rather than dictatorship. Washington stands with two aides-de-camp as he addresses the president of the Congress, Thomas Mifflin and others, including Elbridge Gerry, Thomas Jefferson, James Monroe and James Madison. Mrs. Washington and her three grandchildren are shown watching from the gallery, although they were not actually present at the event.

The eighth and final picture in the Rotunda is the *Surrender of Lord Cornwallis*, not on any Federal Banknote. The surrender of the British at Yorktown, Virginia, on October 19, 1781, essentially ended the Revolutionary War. Trumbull placed American General Benjamin Lincoln at the center on a white horse, with French officers on the left and Americans on the right, led by General Washington on the brown horse. The British are represented by British officers, but Lord Cornwallis is absent, as he claimed he was ill. For this reason, Washington had a lower officer accept the British surrender. Trumbull was proud that he had painted portraits of the French officers while in he was in France. His brother, secretary to General Washington, appears in the group under the American flag.



***Surrender of Lord Cornwallis* by John Trumbull. Commissioned in 1817 and placed in the Capitol Rotunda in 1822.**

References

www.aoc.gov/cc/art/index.cfm. Descriptions of the pictures were taken from *The Architect of the Capitol*.

www.currency.ha.com/?ic=task-currency. Images of \$50, \$500 and \$1,000 National Bank Note backs taken from Heritage Permanent Auction Archives, courtesy of Heritage Auction, and HA.com.

www.en.wikipedia.org/wiki/Capitol. Rotunda images of paintings from the Capitol Rotunda.

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PASSIONATE COLLECTOR, DR. PETER D. JONES, DESCRIBES HIS FASCINATION WITH A SET OF LARGE SIZE US CURRENCY. THIS BOOK EXPLORES THE ART OF THE NINETEENTH CENTURY NOTE ENGRAVERS; THE HISTORY BEHIND THE VIGNETTES AND NOTES; AND THE ECONOMIC HISTORY OF THE TIME - THE TRAGEDIES, THE CHARACTERS, THE PANICS, THE POLITICS, AND THE FIGHT OVER THE GOLD STANDARD.

